A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

R4105-LA

OCTOBER, 1983

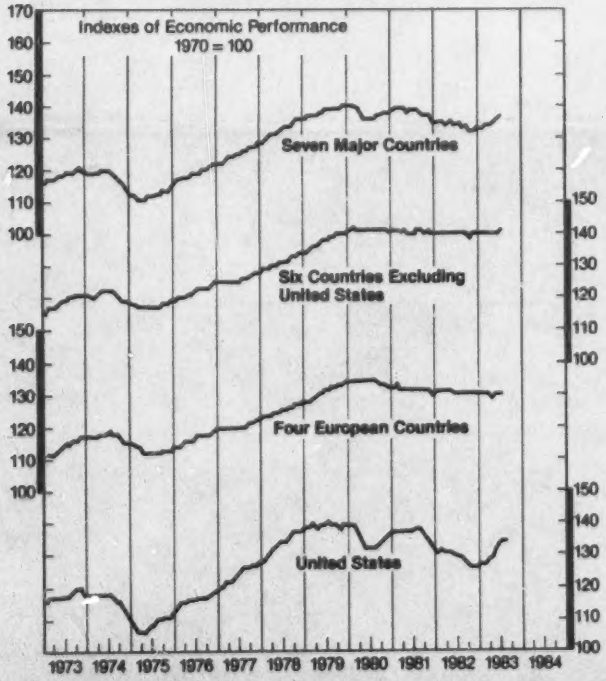
SUMMARY

The economic indicators that give advance notice of where the world's industrial nations are going are climbing rapidly in some countries, slowly in others, but climbing. The composite leading index for the seven major countries as a group showed a higher growth rate in July, 13%, than at any time since 1976. Excluding the United States, the composite growth rate was 9%. The indexes of economic performance, which include broad measures of output, employment and income, are typically more sluggish, and are proving to be so now. Here the growth rate for the seven country composite was 5% as of July, and excluding the United States, only 1%.

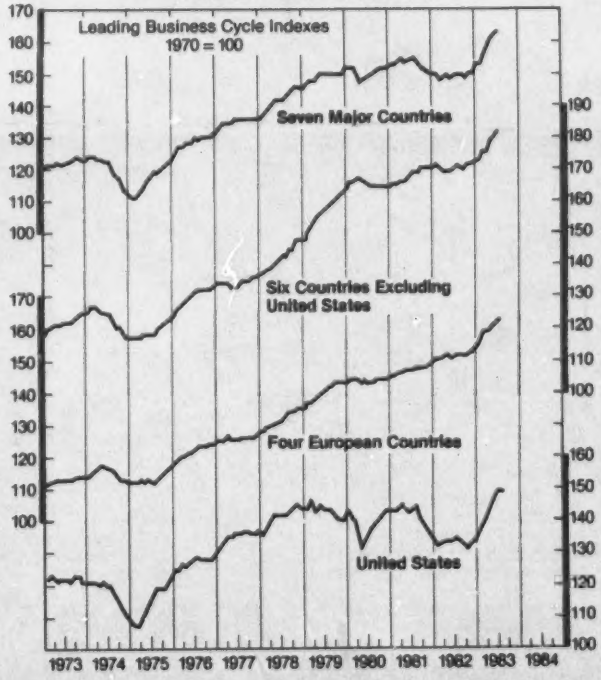
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1966-76	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
		annual rates, percent							
United States	3	-2	5	8	6	16	14	Strong expansion continuing	Aug.
Canada	5	-2	1	6	11	15	13	Strong expansion continuing	July
Japan	8	1	1	3	-4	0	9	Recovery underway	July
United Kingdom	2	0	1	0	4	2	2	Leaders advancing slowly; economy sluggish	July
West Germany	4	-1	-2	-1	5	7	7	Leaders advancing sharply; economy sluggish	July
France	5	2	0	0	6	11	11	Leaders strong; economy sluggish	July
Italy	4	-6	-5	-5	2	6	9	Leaders strong; economy weak	Apr./May
7 countries	4	-1	1	5	4	9	13	Recovery continuing	July
6 countries excl. U.S.	5	-1	0	1	3	6	9	Recovery getting underway	July
4 European countries	4	-1	-1	0	5	7	8	Contraction stopped; leaders advancing	July

* Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are



Where We're Headed



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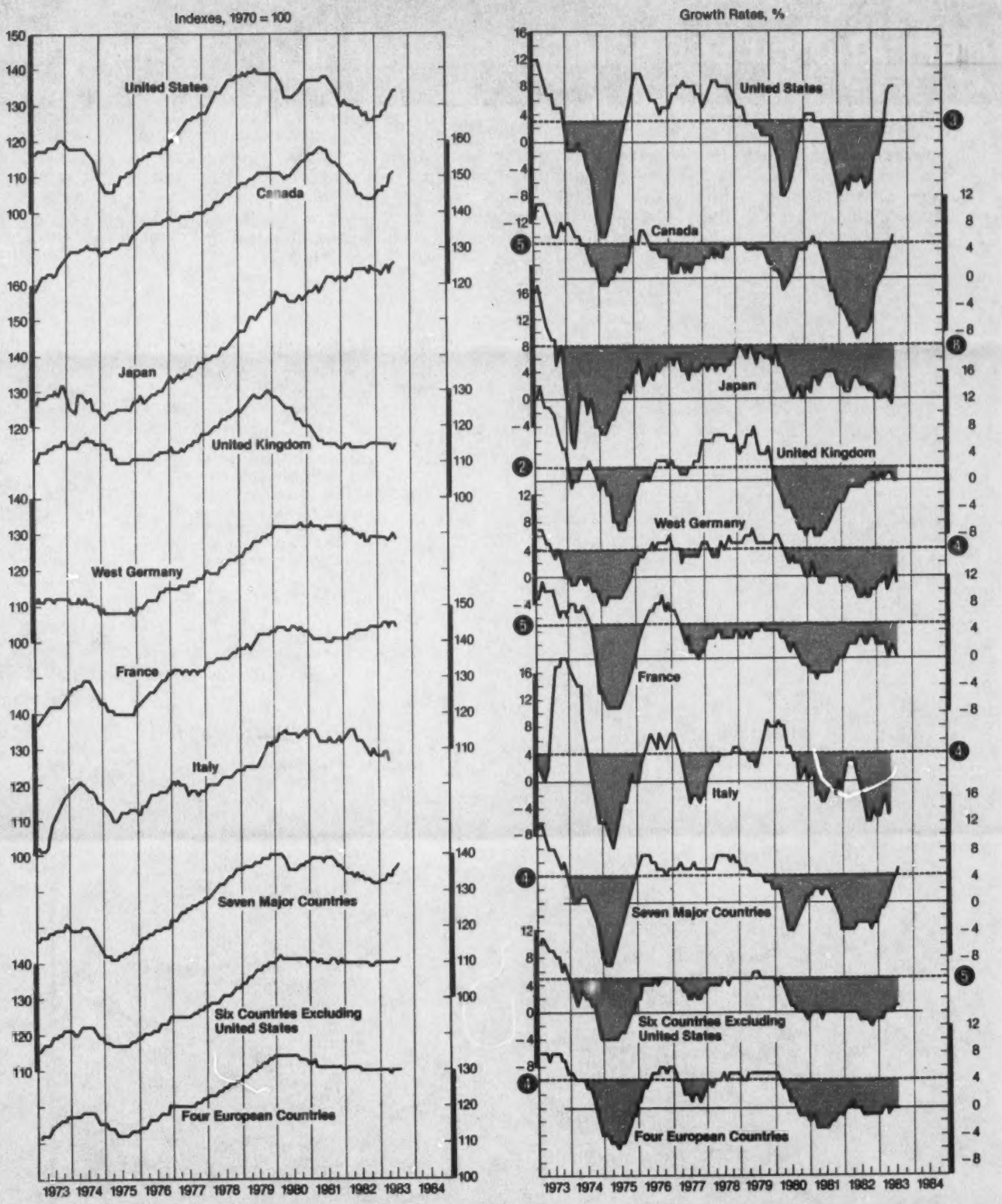
Where We Are

Indexes of Economic Performance

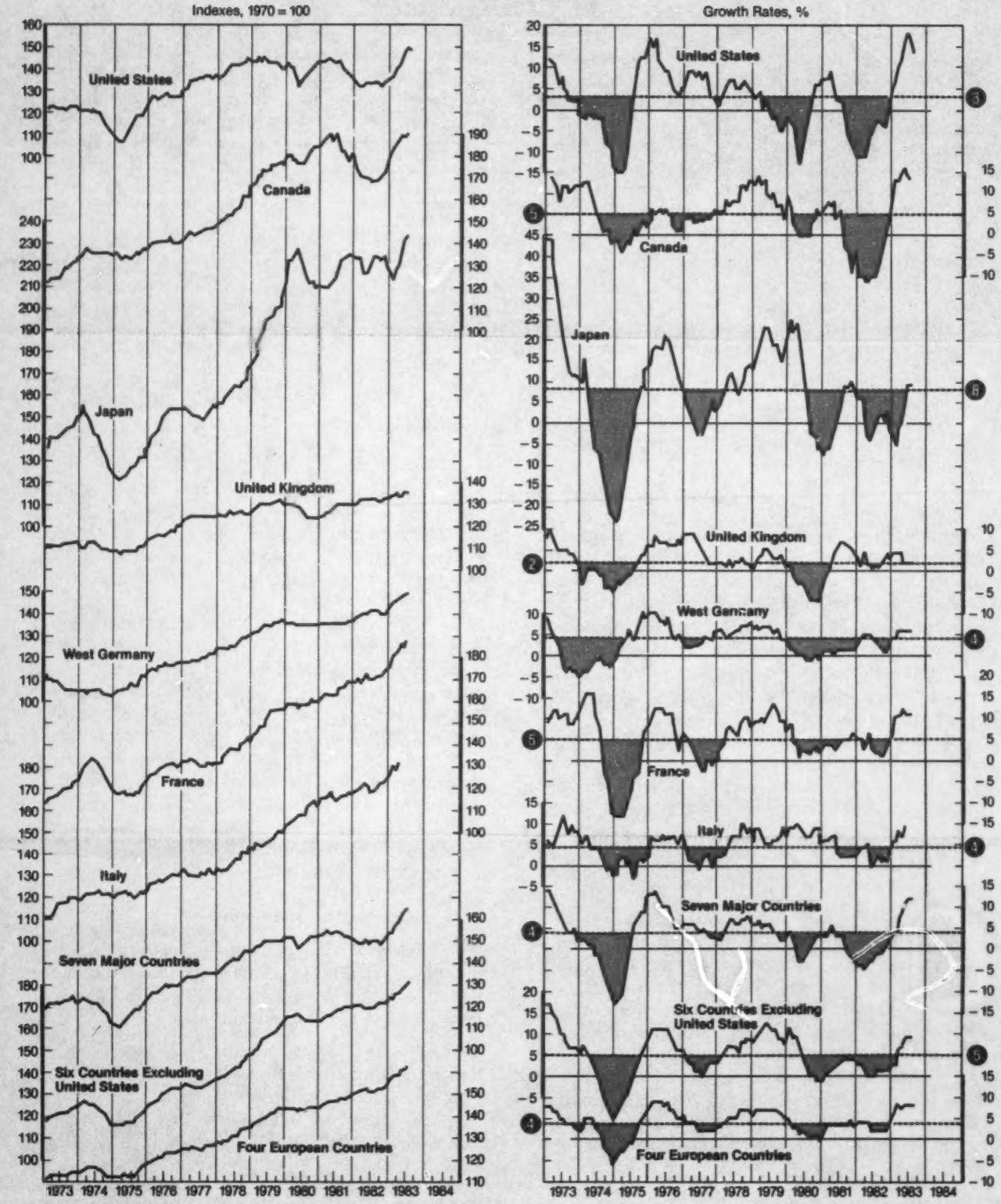


Note: Horizontal dashed lines are average growth rates for 1966–76 in the index and in real GNP

Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



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Source: The Conference Board

JAPAN'S GROWTH RATE NOT AS HIGH AS IT SEEMS

Geoffrey H. Moore*

By a new method of calculating the real value of Japan's export surplus, Japan's economy has grown in recent years by only two-thirds as much as the usual estimates show. Japan estimates its gross national product the same way that the U.S. and most other countries do, but this method does not take account of the fact that for countries dependent on imported oil, a given amount of output doesn't buy as much oil as it used to. The real level of production in oil-importing countries is therefore overstated. And the overstatement is greater for countries that are more heavily dependent on imported oil.

For Japan this makes a bigger difference than for the United States, because Japan imports all its oil, whereas we produce much of our own. According to official figures, the annual growth rate of the Japanese economy (real GNP, i.e., after allowing for inflation) was 4.2 percent during the past four years. After allowing for the overstatement noted above the growth rate of "available GNP" was only 2.8 percent.

Export Surplus Dropped a Third, but . . .

This one-third reduction in Japan's growth rate is produced by what is after all only a tiny component of GNP—the net surplus (or deficit) of exports over imports. Japan's net export surplus in 1978 was 3.6 trillion yen, compared with a total GNP of 202.7 trillion yen. These figures are at current prices. In 1982 the net export surplus, again at current prices, was even smaller, 2.1 trillion yen. In the meantime GNP had grown to 263.9 trillion yen, partly as a result of real growth, partly because of inflation. The net export surplus dropped from less than two percent of the total value of output to less than one percent.

But the drop in the relative size of Japan's surplus was due in large part to the sharp rise in the price of imported oil in 1979, which increased the value of imports relative to exports. In calculating real GNP, the customary way to allow for this kind of inflation is to calculate what the value of the same quantity of imports would have been if prices had remained as they were in some base year, say 1975. The same is done for exports at their prices in the base year, and then the calculated import values are subtracted from the export values. Since the prices are for a certain year, the method does not allow for any changes in the relative prices of imports compared to exports. If, then, the quantity of exports increases rapidly while imported quantites remain relatively stable, the calculated net export surplus at constant prices will grow rapidly even though the surplus in current prices remains the same or declines. To put differently (and less technically) if the country expands the quantity of its exports rapidly to help pay for an increasingly expensive quantity of imports, the calculated value of the export surplus in constant prices will grow even if its value in current prices declines.

*Director, Center for International Business Cycle Research, Columbia Business School.

As Measured, the Real Surplus Rose Fourfold, but . .

This is what has happened in Japan. As noted, the export surplus in current prices fell from 3.6 to 2.1 trillion yen, between 1978 and 1982. When calculated by the method described, the export surplus in 1975 prices

JAPAN'S GNP AND EXPORT SURPLUS, 1978-1982

	1978	*1982*	*Annual Growth Rate (%)*
GNP in current prices (bil. yen)			
1. Gross national product	202,708	263,939	6.8
2. Exports	24,105	44,479	16.5
3. Imports	20,480	42,361	19.9
4. Net export surplus	3,625	2,118	-12.6
5. GNP less export surplus	199,083	261,821	7.1
GNP in 1975 prices (bil.yen)			
6. Gross national product	172,133	202,896	4.2
7. Exports	26,649	40,329	10.9
8. Imports	23,878	28,625	4.6
9. Net export surplus	2,772	11,704	43.3
10. GNP less export surplus	169,361	191,192	3.1
Available GNP, value in 1975 prices (bil. yen)			
11. GNP less export surplus 10 = 5 + 14)	169,361	191,192	3.1
12. Net export surplus (4 + 14)	3,084	1,547	-15.8
13. Available GNP (15 + 16 = 1 + 14)	172,445	192,739	2.8

Source: Economic Planning Agency, Tokyo, (Lines 1-10). Center for International Business Cycle Research, Columbia Business School, New York, (Lines 11-13).

rose from 2.8 to 11.7 trillion yen, a four-fold increase. The physical quantity of exports rose much faster than the physical quantity of imports, but since the prices of imports (especially oil) rose much faster than the prices of exports, the export surplus in current prices actually fell.

Arithmetically, there's nothing wrong with this calculation. Economically, it doesn't make much sense. If it is necessary to produce four times as much export goods in order to buy the same quantity of imports, the nation clearly is not four times as well off. The traditional purchasing power represented by the exported output is being given to the countries that supply the imports. It is part of the cost of production, not available to the producing country.

By New Method, Real Export Surplus Fell 50%

How then should the constant price value of the net export surplus (or deficit) be computed? A reasonable method is to ask what the surplus is worth in terms of the general level of prices for goods and services purchased. If that price level has risen 20%, a given export surplus is worth 20% less than before. A comprehensive measure of this price level can be obtained by taking everything included in GNP except the net exports, and dividing the value of this aggregate in current prices by its value in constant prices. This is the implicit price deflator for gross domestic purchases. It represents 98% or more of the total GNP and hence is broadly representative of purchases by the country's inhabitants of all goods domestically produced or imported. In Japan, this measure of prices rose 16 percent between 1978 and 1982. Hence the net export surplus, expressed in 1975 prices, fell from 3.1 trillion yen to 1.5 trillion yen. Instead of rising four-fold, real net exports fell by fifty percent. It is this that explains why the growth rate of *available* real GNP is a third smaller than the official figures show. A small tail can wag a big dog if it wags hard enough.

Effect on U.S. Mixed

The same method of measuring the net export surplus in real terms can be applied to the United States, or any other country. In the U.S. as in Japan, the oil price increases in 1974 and 1979 caused import prices to rise much faster than export prices. This tended to reduce the export surplus in current prices. Since 1980, however, U.S. import prices have gone up less rapidly than export prices, and in 1982 they declined.

The result of these conflicting movements was first to make the standard method of computing real GNP overstate the growth in available output in the U.S., and then to understate it. Between 1978 and 1980, the official figures show an annual U.S. growth rate of 1.2% in real GNP, whereas by our alternative method of measuring the real net export surplus, the GNP growth rate was only 0.8%. In the next two years, on the other hand, the official rate came to 0.4% while our method made it 0.9%. For the four years as a whole, the two methods give almost the same growth rate, 0.8% and 0.9%.

Thus by our alternative calculation, the growth rate of the Japanese economy from 1978 to 1982, 2.8%, was still three times as fast as U.S. growth, 0.9%, but not five times as fast, which is what the official figures show (4.2% vs. 0.8%). The lesson behind all this is that comparisons of growth rates between countries, or within a country at different times can be materially affected by the method used to remove the effect of inflation on the net export surplus. By the same token, measures of the overall rate of inflation, and of productivity are also affected.

INDEXES, SEVEN COUNTRIES, 1982-83

		U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex U.S.		4 Countries Europe	
		Indexes, 1970 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Oct.	82	126	131	144	171	163	223	115	132	128	140	144	172	128	172	132	149	139	171	130	152
Nov.	82	126	132	144	172	165	224	115	133	129	140	144	173	130	172	132	150	140	172	130	153
Dec.	82	126	134	144	176	164	219	115	133	129	142	144	174	129	174	132	151	140	172	130	154
Jan.	83	127	136	146	181	164	216	115	134	129	144	144	176	128	176	133	153	140	173	130	156
Feb.	83	127	137	146	182	163	214	115	134	129	145	145	180	129	177	133	153	140	173	130	157
Mar.	83	128	140	147	184	164	218	115	135	129	146	145	182	129	180	134	156	140	176	130	159
Apr.	83	129	142	147	187	165	220	115	134	128	147	144	183	127	179	134	158	140	176	129	159
May	83	131	146	148	189	164	225	115	134	129	148	145	186		182	135	161	140	179	130	160
June	83	133	148	150	189	165	231	114	135	130	148	145	185			136	163	140	180	130	161
July	83	134	149	151	190	166	232	115	135	128	149	144	187			137	164	141	182	130	162
Aug.	83	134	148																		
		Growth Rates, Percent																			
Oct.	82	-7	-4	-8	-1	1	1	0	2	-3	1	3	2	-6	3	-4	-1	-2	2	-1	2
Nov.	82	-6	-2	-7	1	2	3	0	4	-2	1	3	3	-4	2	-3	0	-1	2	-1	2
Dec.	82	-5	2	-5	5	1	-2	1	3	-2	3	2	4	-5	4	-3	2	-1	2	-1	4
Jan.	83	-2	5	-2	11	1	-4	0	4	-1	5	2	6	-5	6	-1	4	-1	3	-1	5
Feb.	83	-2	6	-1	13	0	-5	1	4	-1	5	2	10	-3	6	-1	4	0	3	0	6
Mar.	83	0	10	0	13	0	-1	0	4	0	7	2	10	-2	8	0	7	0	5	0	8
Apr.	83	2	12	1	15	1	0	1	2	-2	7	0	11	-5	7	1	8	0	6	-1	7
May	83	5	16	3	16	0	5	1	2	0	7	2	12		9	3	12	0	8	0	8
June	83	7	18	5	14	1	9	0	2	1	7	1	11			4	13	1	9	0	8
July	83	8	17	6	13	3	9	0	2	-1	7	0	11			5	13	1	9	0	8
Aug.	83	8	14																		
		Ten-Year Annual Growth Rate, Percent																			
1966-76		3	3	5	5	8	8	2	2	4	4	5	5	4	4	4	4	5	5	4	4

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Beginning in mid-1983, each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations, in addition to the leading indexes that have always been the main statistical building blocks of the analysis. These economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across The Board,* April 1980 and *Business Cycles, Inflation and Forecasting,* Balinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however, so that constant monitoring is needed for effective use of the system. Among the uses of these data are tracking recessions and recoveries, anticipating changes in foreign trade flows, and providing early warning of new inflationary trends.

These indexes for the seven major industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. leading index used here differs slightly from the index reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates are equal to those in real GNP in the country concerned during 1966-1976. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

For More Information and Instruction

To find out more about this indicator system, the availability of detailed data for each country, and a training program in the methodology and application of the systems, please address inquiries to

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NOVEMBER, 1983

SUMMARY

The leading business cycle indexes for six of the seven major industrial countries—all except the United Kingdom—continue to signal economic expansion ahead. Four of those countries—the United States, Canada, Japan and France—show confirming cyclical upswings in their indexes of economic performance. Sluggishness prevails in recent readings of the performance indexes for West Germany, the United Kingdom and Italy.

	Ten-year Growth Rate 1966-76	*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**			*Current Reading on the Cycle*	*Latest Month Covered*
		6 mos. ago	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*		
	annual rates, percent								
United States	3	0	7	10	10	19	17	Strong expansion continuing	Sept.
Canada	5	-1	3	5	13	16	10	Strong expansion continuing	Aug.
Japan	8	0	0	3	-5	5	11	Recovery underway	Aug.
United Kingdom	2	1	1	0	4	3	0	Economy sluggish	Aug.
West Germany	4	-1	1	0	6	9	7	Leaders advancing sharply; economy sluggish	Aug.
France	5	1	2	3	9	9	11	Recovery underway	Aug.
Italy	4	-4	-3	-3	1	5	6	Leaders strong; economy weak	May
7 countries	4	-1	3	5	4	12	12	Recovery continuing	Aug.
6 countries excl. U.S.	5	0	1	2	3	7	8	Recovery getting underway	Aug.
4 European countries	4	0	0	0	6	7	7	Contraction stopped; leaders advancing	Aug.

* Annual rate based on ratio of current month's index to average index over the preceding 12 months.

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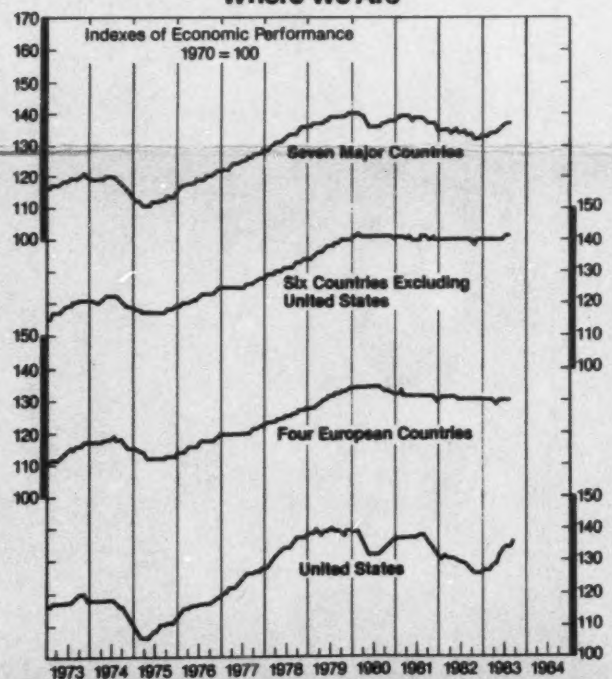
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Seven Major Countries
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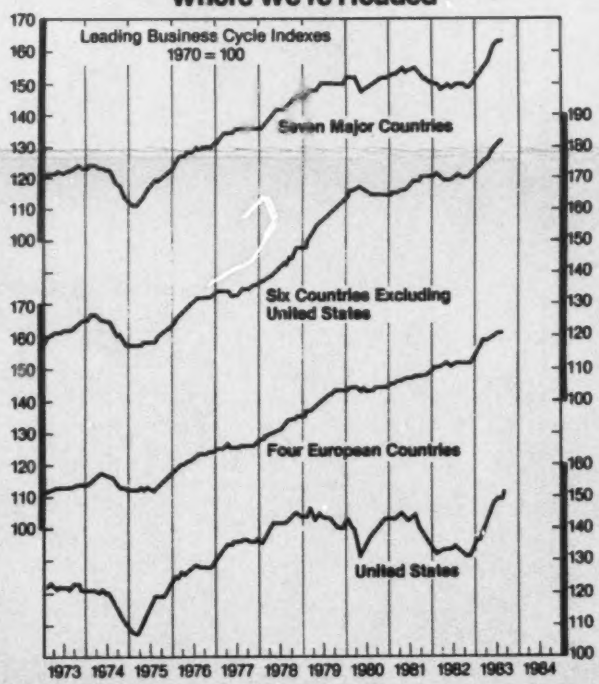
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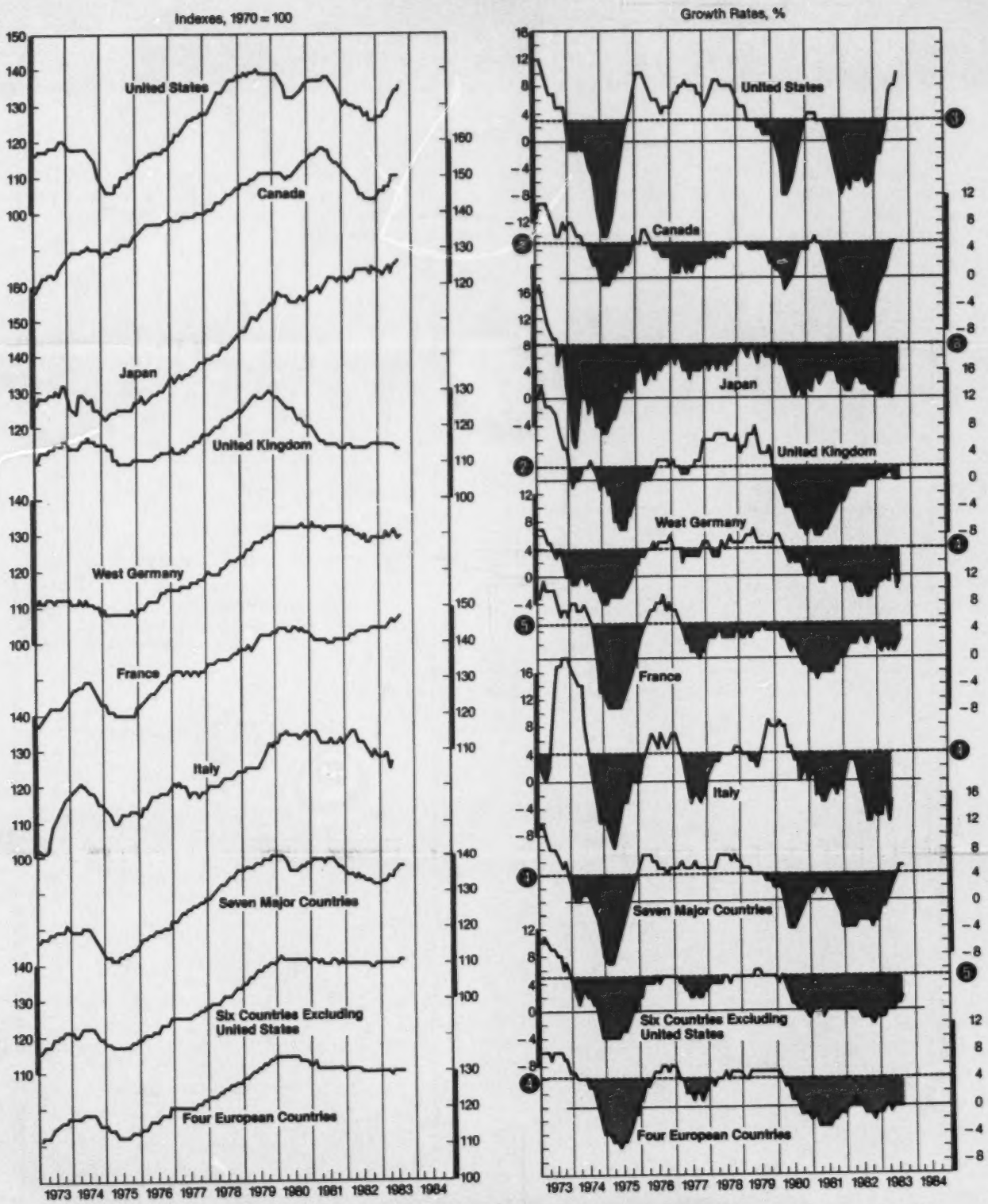
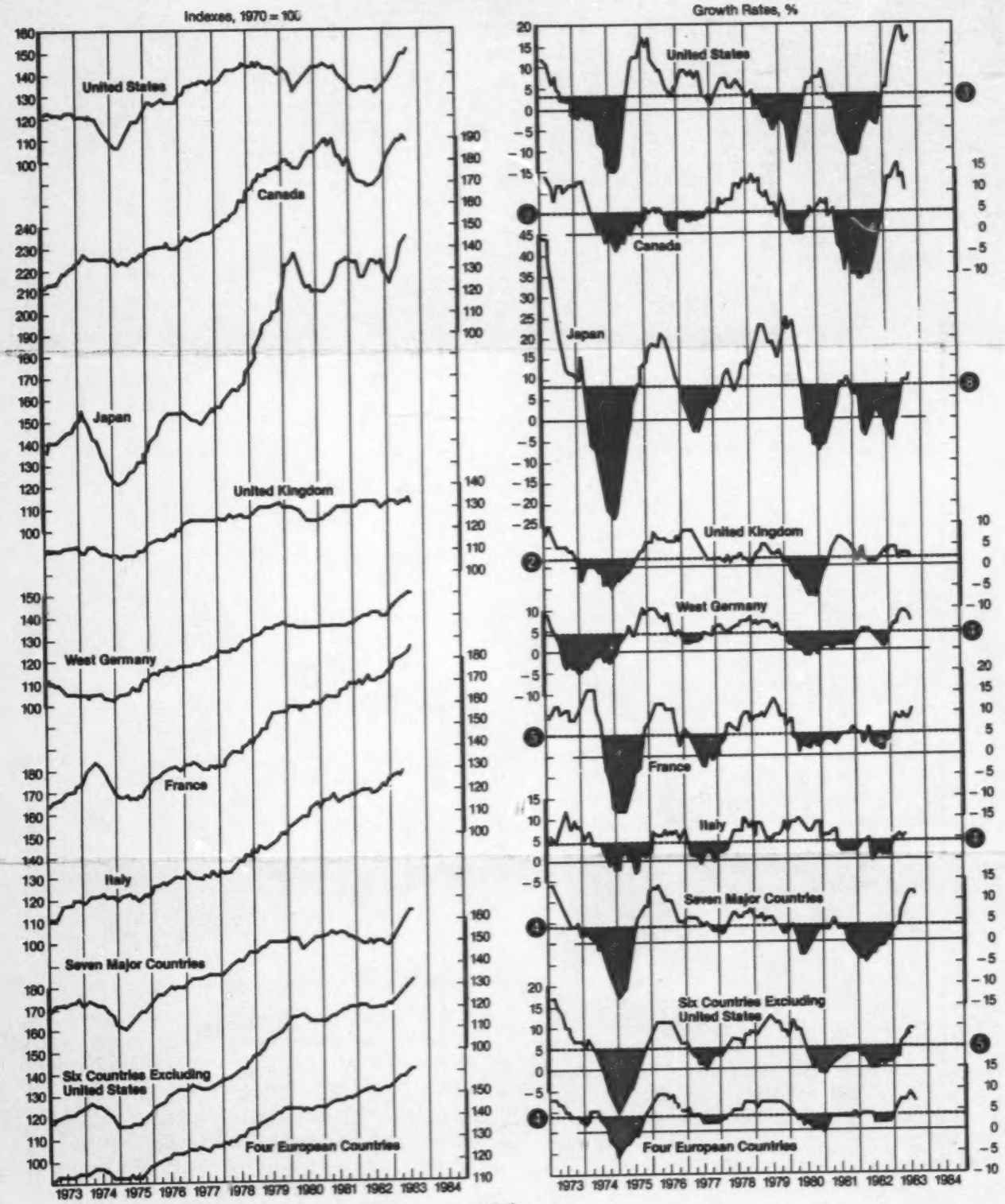


Note: Horizontal dashed lines are average growth rates for 1966–78 in the index and in real GNP

Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



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June	83	7	19	5	13	1	9	0	3	2	9	1	8			4	13	1	8	0	9
July	83	8	19	5	14	3	9	0	3	-2	8	2	9			5	13	1	9	0	8
Aug.	83	8	16	5	10	3	11	0	0	0	7	3	11			5	12	2	8	0	7
Sept.	83	10	17																		
		Ten-Year Annual Growth Rate, Percent																			
1966-76		3	3	5	5	8	8	2	2	4	4	5	5	4	4	4	4	5	5	4	4

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A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

8/84 R4105- 64

DECEMBER, 1983

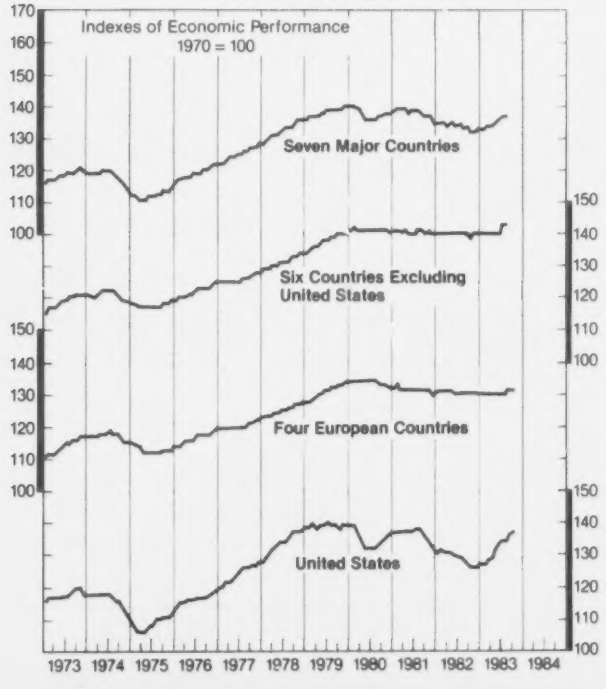
SUMMARY

The leading business cycle indexes are rising at double-digit rates in Canada, the United States, Japan and France. More modest growth rates rule the leading indexes for West Germany, Italy and the United Kingdom. Taking all seven major industrial countries, together, the latest growth rates of the leading indexes exceed the 1966-1976 trend rates. A look at the indexes of economic performance, which track the current course of the economy, shows them to be advancing sharply in the U.S. and Canada, more slowly elsewhere.

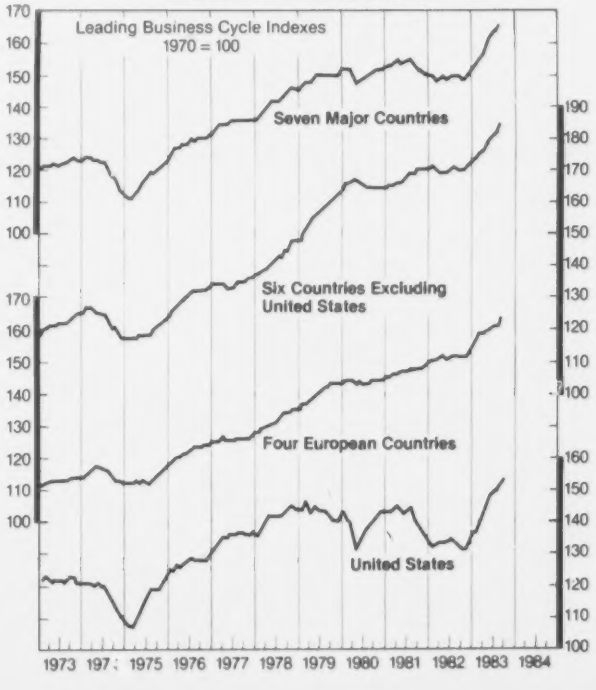
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1966-76	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	annual rates, percent								
United States	3	2	8	11	13	19	16	Strong expansion continuing	Oct.
Canada	5	0	5	7	13	15	19	Strong expansion continuing	Sept.
Japan	8	0	1	3	-1	9	13	Recovery under way	Sept.
United Kingdom	2	1	0	1	5	4	3	Leaders advancing; economy slugglish	Sept.
West Germany	4	0	2	1	7	8	8	Leaders advancing sharply; economy sluggish	Sept.
France	5	2	1	3	8	8	13	Recovery under way	Sept.
Italy	4	-5	-6	-1	3	7	5	Leaders advancing; economy weak	July/June
7 countries	4	0	4	6	7	13	14	Recovery continuing	Sept.
6 countries excl. U.S.	5	0	1	2	5	8	11	Recovery continuing	Sept.
4 European countries	4	0	0	1	7	7	8	Recovery getting under way	Sept.

* Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are


Indexes of Economic Performance
1970 = 100
Seven Major Countries
Six Countries Excluding United States
Four European Countries
United States
1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

Where We're Headed


Leading Business Cycle Indexes
1970 = 100
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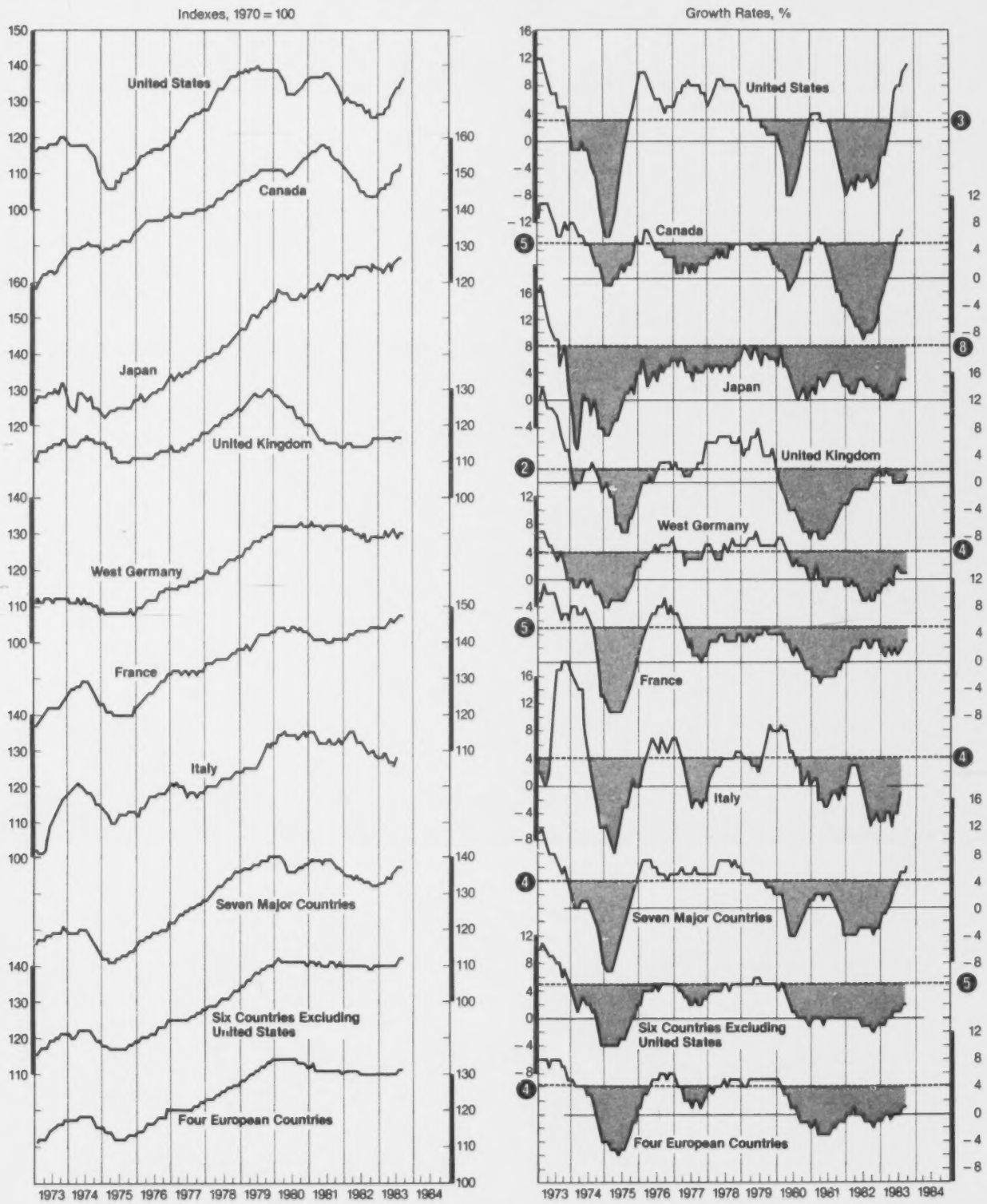
Where We Are

Indexes of Economic Performance

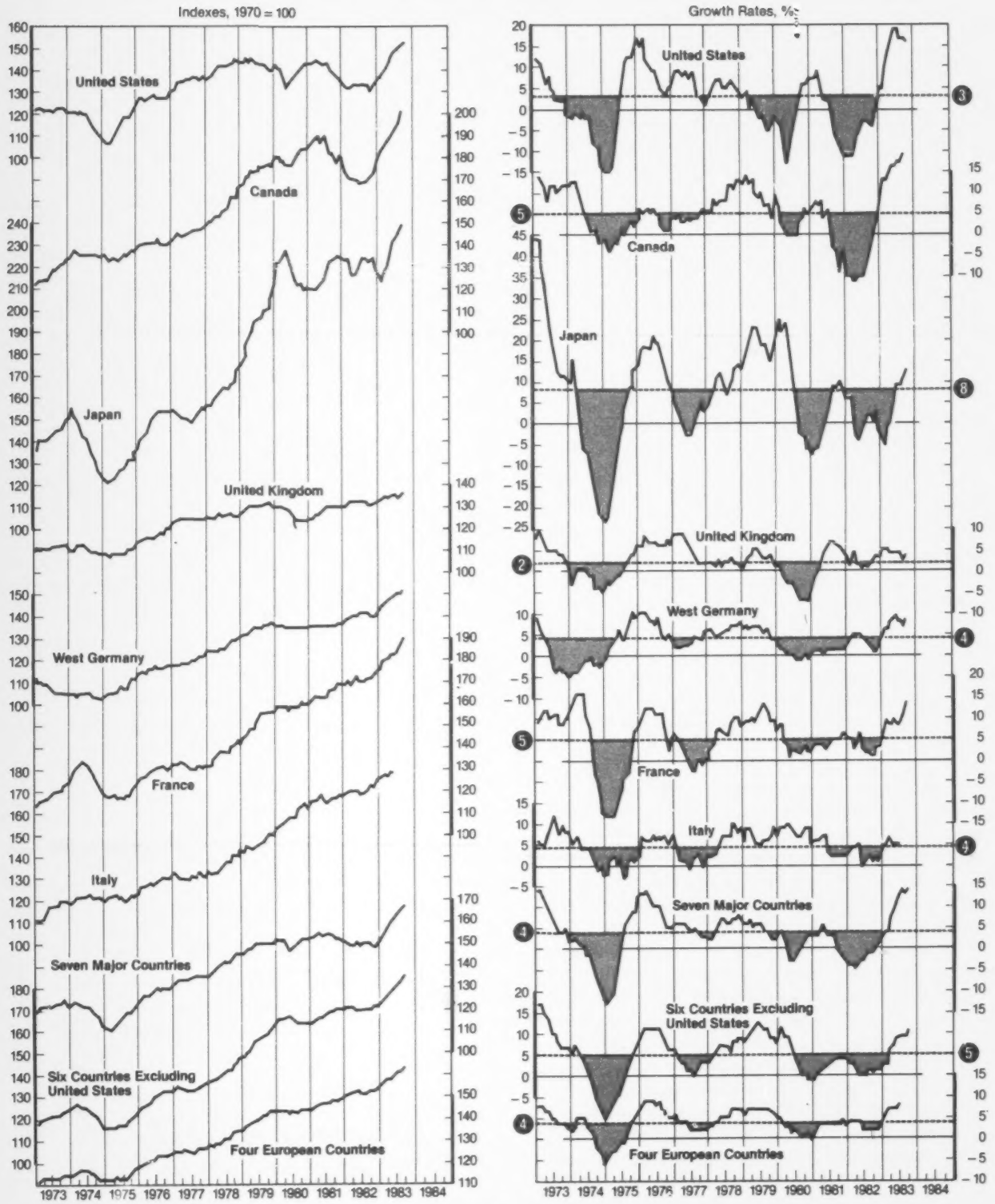


Note: Horizontal dashed lines are average growth rates for 1966-76 in the index and in real GNP

Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1966-76 in the index and in real GNP

Source: The Conference Board

A NEW TOOL FOR MONITORING THE INTERNATIONAL INDEXES

The past is prologue. Users of leading indicators are certainly aware of this, since they rely upon changes in these indicators in the recent past to signal future changes in the economy's performance. But there is another way to use past records of the indicators as a guide to future changes. That is by comparing the current business cycle as it emerges with the corresponding trend in past cycles and with what was then their future trend. This is easier to see in pictures than to say in words, so we'll let the accompanying recession-recovery charts help tell the story. (See page 5)

All the charts compare the indexes and their growth rates during the current business cycle upswing in the United States with their average behavior during four previous U.S. upswings. These prior expansions ran from 1958 to 1960, 1961 to 1969, 1970 to 1973 and 1975 to 1980. Although the shortest of these lasted only two years while the longest lasted nearly nine, their initial stages had a good deal in common. They had a good deal in common, too, with the initial stages of the current expansion. In previous expansions the U.S. leading index moved up sooner and more vigorously than the U.S. performance index. But about a year after the recovery began, which is where we are now, the leading index began to slow down, and a few months later, so did the performance index. Nevertheless, the slowdown did not put an end to the expansion, and if the past is prologue, it won't do that in 1984 either.

The composite indexes for the six countries excluding the United States have usually experienced upswings during U.S. expansions. Once again, they have begun to do that in the current expansion. This means that support for the U.S. expansion has begun to come from abroad, and also that the U.S. expansion is helping to generate recovery abroad. So far, the leading index for the six countries has risen much more vigorously than the performance index, and it has also risen more rapidly than in past U.S. recoveries. But the performance index has started to catch up, both with the leading index and with its own past record.

By mid-1984, if the past is prologue, the growth rates of both the leading and the performance indexes of the six countries should have leveled out at about a seven percent annual rate. At the same time, if the U.S. indexes follow their previous path, they will have slowed to around a four or five percent rate. A reasonably pleasant prospect all around, and an attainable one since, as the records show, it has already been attained in previous expansions.

The charts are designed to be readily brought up to date so that one can see whether the current situation is beginning to differ significantly from the past pattern. Scoreboard readers may wish to keep them at hand for that purpose. From time to time we'll make a new evaluation or bring out a new angle.

EUROPEAN TRADE RECOVERY

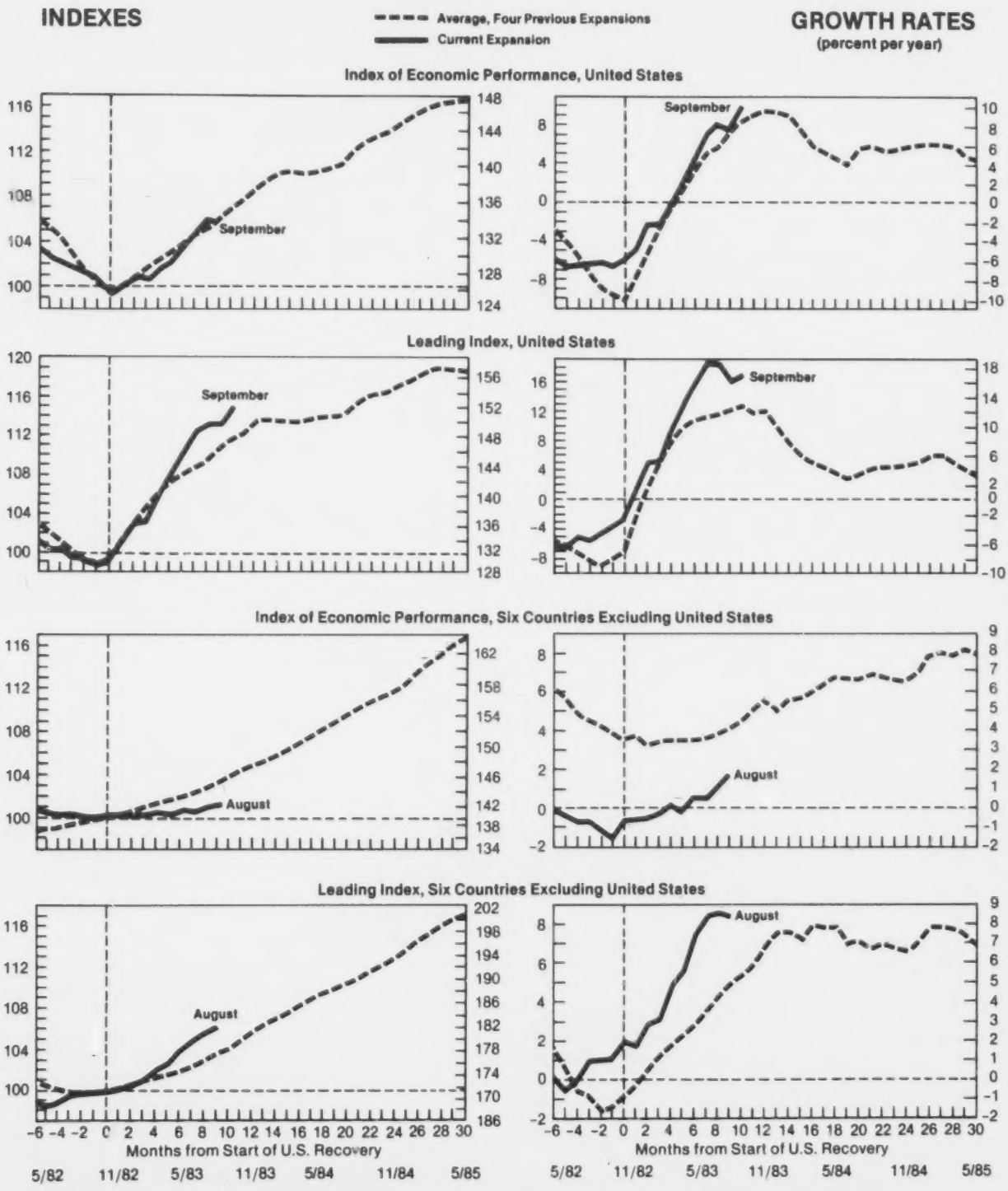
Previous issues of the *Scoreboard* (April 1983, June 1982) have discussed the use of the leading indexes in forecasting imports and exports. Recent studies conducted at Columbia University's Center for International Business Cycle Research have shown how the indexes can be used to forecast trade flows in and out of countries in the European Economic Community. The current figures present a very favorable outlook.

The underlying idea is to use the leading index as a barometer of the domestic demand for goods and services, and hence of imports. Leading indicators such as new orders for goods, the accumulation of inventories, trends in profit margins, or the extension of credit foreshadow changes not only in domestic demand, but also in the demand for imports of materials and finished products. By the same token, export trends are foreshadowed by leading indicators for the country or countries to which the exports go. Naturally, the leading indexes do not capture all the influences affecting the volume of trade, such as changes in exchange rates, crop harvest conditions, tariffs or quotas, etc. They do, however, account for a major portion of the yearly changes in trade flows of many countries.

Applying this idea to the aggregate imports and exports of the ten EEC countries, we use the composite leading index for the four European countries to forecast EEC imports, and the composite leading index for the U.S., Canada, and Japan to forecast EEC exports. That is, a European index is used to forecast imports, and a non-European index to forecast exports. Specifically, the growth rate in the indexes at the end of the year is used to forecast the percentage change in the volume of trade (in constant prices) from that year to the next.

Since we do not yet have end-of-1983 growth rates, we use the latest we have and assume they will not change much by year-end. For 1984, this method projects a 9% increase in EEC imports over 1983 and a 12% increase in EEC exports. Judging from the past record, the export forecast is probably the more accurate of the two. It is more optimistic than the import forecast because the leading indexes for the U.S., Canada and Japan are rising faster than the European index. The implication is that Europe's trade balance will register a surplus in 1984, at the highest level in the past dozen years. This in turn should hasten Europe's economic recovery and enhance its contribution to improved economic conditions around the world.

RECESSION-RECOVERY PATTERNS



Note: For the indexes, the left scale applies to both the current and previous expansions, with the business cycle trough = 100; the right scale applies to the current expansion, with 1970 = 100.

INDEXES, SEVEN COUNTRIES, 1982-83

		U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex U.S.		4 Countries Europe	
		Indexes, 1970 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Oct.	82	126	130	144	171	163	223	115	131	128	140	144	171	129	172	132	149	139	170	130	152
Nov.	82	126	131	144	172	165	224	116	131	129	140	144	172	130	171	132	149	140	171	130	152
Dec.	82	126	133	144	176	164	219	116	132	129	142	144	173	129	173	132	150	140	171	130	153
Jan.	83	127	136	146	181	164	216	116	133	129	144	144	176	128	175	133	152	140	172	130	155
Feb.	83	127	136	146	183	163	214	116	134	129	145	144	179	129	176	133	153	140	173	130	157
Mar.	83	128	139	147	184	164	218	116	135	130	146	145	179	129	178	134	156	140	175	130	158
Apr.	83	129	142	147	187	165	220	116	134	129	148	144	180	127	177	134	157	140	176	130	158
May	83	131	145	148	189	164	225	116	135	130	149	146	182	127	178	135	160	140	178	130	159
June	83	133	148	150	190	165	231	115	135	131	149	145	182	126	178	136	162	140	180	130	160
July	83	134	149	151	194	166	232	116	136	128	150	146	184	128		137	164	141	181	130	161
Aug.	83	134	150	151	196	167	235	116	134	130	150	147	186			137	165	142	182	131	161
Sept.	83	136	152	153	201	167	239	116	136	130	151	147	190				167	142	185	131	163
Oct.	83	137	153																		
		Growth Rates, Percent																			
Oct.	82	-7	-4	-8	-1	1	1	1	2	-3	1	3	2	-5	2	-4	-1	-1	1	-1	2
Nov.	82	-6	-3	-7	1	2	3	1	3	-2	1	3	3	-4	1	-3	0	-1	2	-1	2
Dec.	82	-5	1	-5	5	1	-2	2	3	-2	3	2	3	-5	3	-3	2	-1	2	-1	3
Jan.	83	-2	5	-3	12	1	-4	1	5	-1	6	2	5	-5	4	-1	4	0	3	-1	5
Feb.	83	-2	5	-2	13	0	-5	2	5	-1	6	1	9	-4	5	-1	4	0	3	0	6
Mar.	83	0	10	0	13	0	-1	1	5	0	7	2	8	-4	7	0	7	0	5	0	7
Apr.	83	2	13	1	16	1	0	1	4	-1	8	1	8	-6	5	1	9	0	6	-1	7
May	83	5	16	3	16	0	5	0	4	1	9	2	9	-4	5	3	12	1	7	0	7
June	83	7	19	5	15	1	9	0	4	2	8	1	8	-4	5	4	13	1	8	0	7
July	83	8	19	6	17	3	9	0	4	-1	8	2	9	-1		5	14	1	9	0	7
Aug.	83	8	17	6	17	3	11	0	1	1	7	3	11			5	13	2	9	1	7
Sept.	83	10	17	7	19	3	13	1	3	1	8	3	13			6	14	2	11	1	8
Oct.	83	11	16																		
		Ten-Year Annual Growth Rate, Percent																			
1966-76		3	3	5	5	8	8	2	2	4	4	5	5	4	4	4	4	5	5	4	4

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Beginning in mid-1983, each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations, in addition to the leading indexes that have always been the main statistical building blocks of the analysis. These economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across The Board,* April 1980 and *Business Cycles, Inflation and Forecasting,* Balinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however, so that constant monitoring is needed for effective use of the system. Among the uses of these data are tracking recessions and recoveries, anticipating changes in foreign trade flows, and providing early warning of new inflationary trends.

These indexes for the seven major industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. leading index used here differs slightly from the index reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates are equal to those in real GNP in the country concerned during 1966-1976. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

For More Information and Instruction

To find out more about this indicator system, the availability of detailed data for each country, and a training program in the methodology and application of the systems, please address inquiries to

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Center for International Business Cycle Research
Graduate School of Business, Columbia University
New York, New York 10027
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A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

JANUARY, 1984 **SUMMARY** 2/84 R4105-6 A

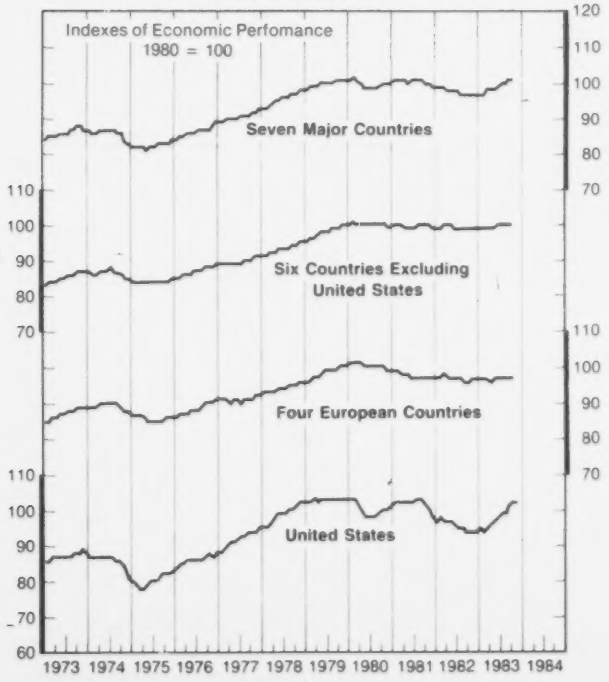
The indexes that anticipate what's ahead for the business cycle signal continued expansion throughout the industrialized world. In Europe, however, the economic recovery is developing more gradually than in North America and Japan. The combined leading index for France, West Germany, Italy and the United Kingdom was rising at an annual rate of 6 percent in October, while the leading index covering the U.S., Canada and Japan was climbing at a 15 percent rate. This differential pattern is equally pronounced in the indexes of economic performance, which usually follow the leaders. The recent growth rate of the performance indexes is zero for Europe against 8 percent for the other three countries.

Note: The indexes in this report have been revised in several ways; for details, see back page.

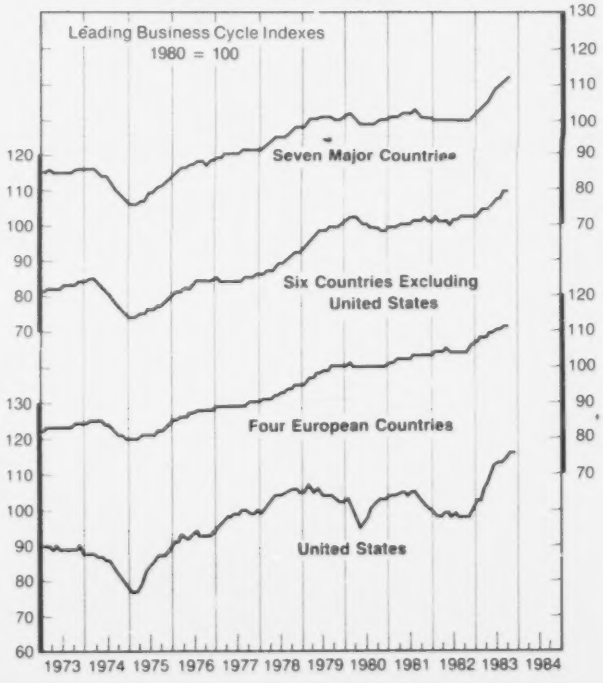
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1969-79	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	annual rates, percent								
United States	3	5	8	11	17	18	14	Strong expansion continuing	Nov.
Canada	4	1	6	8	15	16	11	Strong expansion continuing	Oct.
Japan	5	1	3	3	0	7	11	Expansion continuing	Oct.
United Kingdom	2	– 1	– 1	0	3	4	2	Leaders up slowly; economy sluggish	Oct.
West Germany	3	– 1	– 1	1	7	9	8	Leaders up sharply; economy sluggish	Oct.
France	4	1	2	1	8	8	5	Slow recovery underway	Oct./Nov.
Italy	3	– 5	– 1	– 2	4	5	5	Leaders advancing; economy weak	Oct./Aug.
7 countries	3	1	4	5	8	12	12	Recovery continuing	Oct.
6 countries ex. U.S.	4	0	1	2	5	7	8	Recovery continuing	Oct.
4 European countries	3	– 1	0	0	6	7	6	Sluggish recovery getting underway	Oct.
3 countries ex. Europe	4	2	6	8	10	16	15	Expansion continuing	Oct.

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are



Where We're Headed



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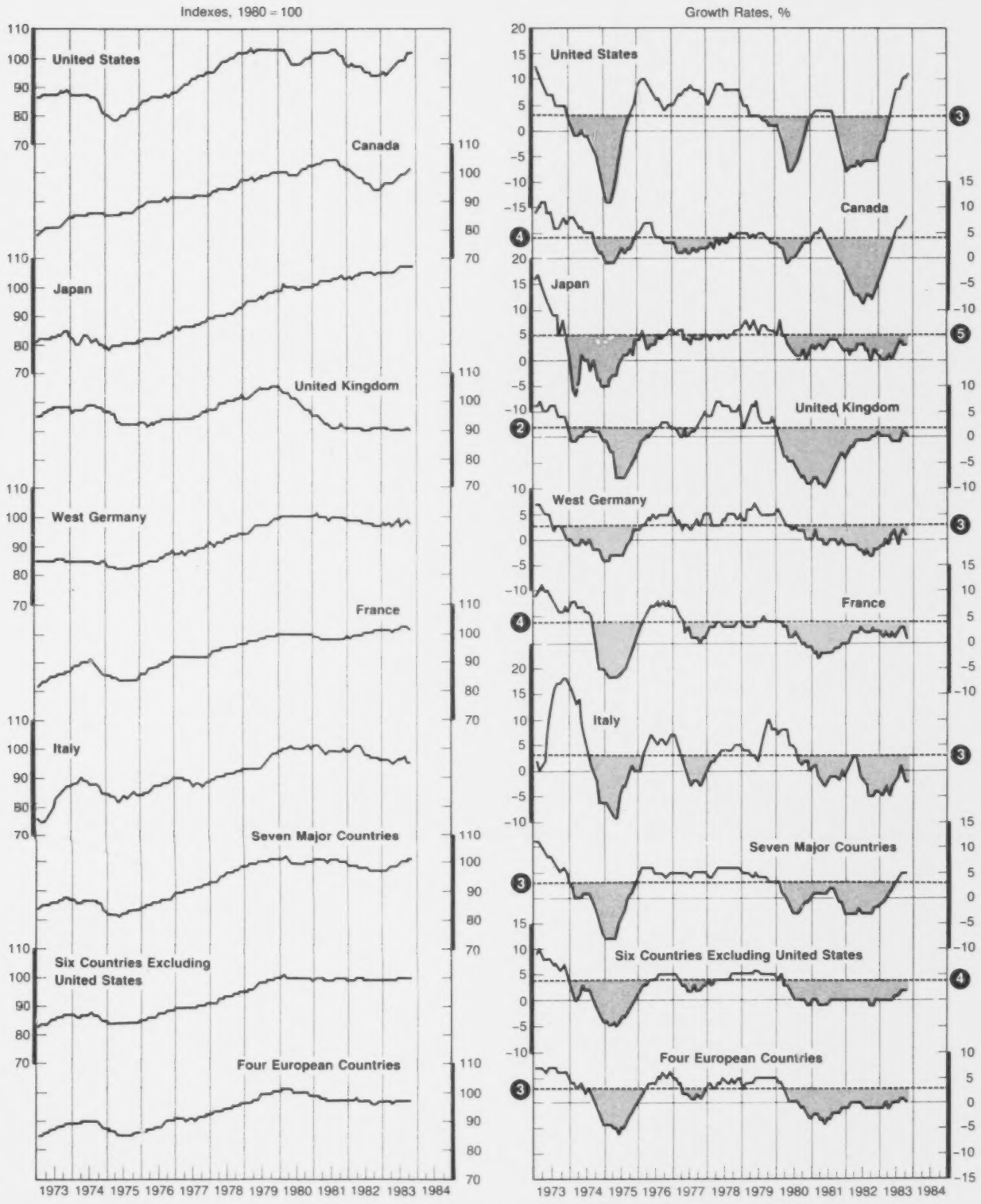
Where We Are

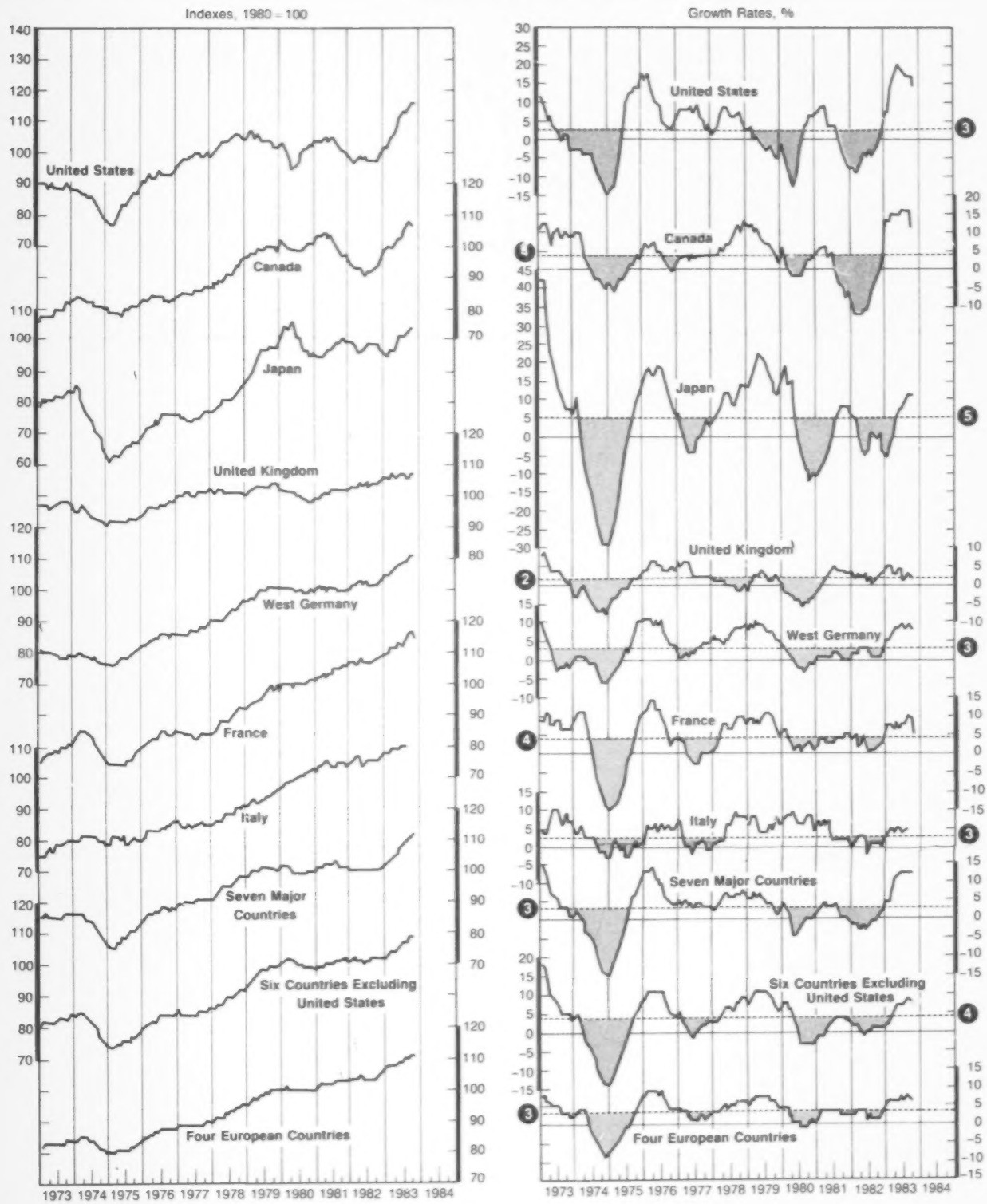
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP
Source: The Conference Board

INDEXES, SEVEN COUNTRIES, 1982-83

	U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex. U.S.		4 Countries Europe	
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
									Indexes, 1980 = 100											
Oct. 82	94	98	94	93	104	98	91	104	97	102	101	107	97	106	97	100	99	102	96	104
Nov. 82	94	98	94	94	105	98	91	104	97	102	101	107	97	106	97	100	99	102	97	105
Dec. 82	94	100	94	96	105	96	91	105	97	104	101	108	96	107	97	101	99	102	97	106
Jan. 83	95	102	95	99	105	95	91	106	98	105	101	109	96	108	97	102	99	102	97	107
Feb. 83	94	102	96	100	105	94	91	106	97	105	101	111	96	108	97	103	99	103	97	108
Mar. 83	95	105	96	100	105	96	90	107	98	106	101	111	96	109	98	104	99	104	97	108
Apr. 83	96	107	96	102	105	96	90	106	97	107	100	112	95	109	98	105	99	104	96	108
May 83	97	109	97	103	105	99	90	107	98	108	101	113	95	109	98	107	99	105	97	109
June 83	98	112	98	103	106	101	90	107	99	109	101	112	96	110	99	108	100	106	97	109
July 83	99	113	99	105	107	101	90	107	97	109	102	113	96	110	100	109	100	107	97	110
Aug. 83	99	113	99	106	107	102	90	106	98	110	102	115	97	110	100	110	100	107	97	110
Sept. 83	101	114	100	108	107	103	91	107	99	111	102	116	95		101	111	100	109	97	111
Oct. 83	102	116	101	107	107	104	90	107	98	111	101	117	95		101	112	100	109	97	111
Nov. 83	102	116										115								
									Growth Rates, Percent											
Oct. 82	- 6	-2	- 8	- 2	0	0	0	2	- 3	1	3	2	- 5	1	- 3	0	- 1	1	- 1	1
Nov. 82	- 6	-1	- 7	0	2	1	0	2	- 2	1	2	3	- 4	0	- 2	1	0	1	- 1	2
Dec. 82	- 5	3	- 5	5	1	-3	1	3	- 2	3	2	3	- 4	2	- 2	2	0	1	- 1	3
Jan. 83	- 2	7	- 3	11	0	-5	0	4	- 1	5	2	5	- 5	3	- 1	4	0	2	- 1	5
Feb. 83	- 2	7	- 2	13	0	-6	0	5	- 1	5	1	8	- 4	4	- 1	4	0	2	- 1	6
Mar. 83	0	11	0	13	0	-2	0	5	0	6	2	8	- 3	5	0	7	0	4	0	6
Apr. 83	2	14	1	15	1	0	0	3	- 1	7	1	7	- 5	4	1	8	0	5	- 1	6
May 83	5	17	3	15	0	5	- 1	3	1	8	2	8	- 3	5	2	11	0	6	0	6
June 83	7	20	5	15	1	7	- 1	4	2	8	1	7	- 2	5	3	12	1	7	0	6
July 83	8	19	6	16	3	7	- 1	4	- 1	9	2	8	- 1	4	4	12	1	7	0	7
Aug. 83	8	18	6	16	4	8	- 1	1	1	8	3	8	1	5	5	12	2	7	1	6
Sept. 83	10	17	7	16	3	11	1	3	2	9	3	10	- 2		5	12	2	9	1	7
Oct. 83	10	17	8	11	3	11	0	2	1	8	1	9	- 2		5	12	2	8	0	6
Nov. 83	11	14										5								
									Ten Year Annual Growth Rate, Percent											
1969-79	3	3	4	4	5	5	2	2	3	3	4	4	3	3	3	3	4	4	3	3

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

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The indexes for the seven major industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates, 1969-79, are equal to those in real GNP in the country concerned. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

Revisions, January 1984:

The indexes are shown with 1980 = 100 rather than 1970 = 100. The long-run growth rate (see above) is for 1969-79, not 1966-76. The composite indexes for groups of countries are weighted by each country's GNP in 1980, not 1970, and a new index is shown for the U.S., Canada and Japan. A few changes have been made in the components of the indexes.

For More Information

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A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

R4105-6A

FEBRUARY, 1984

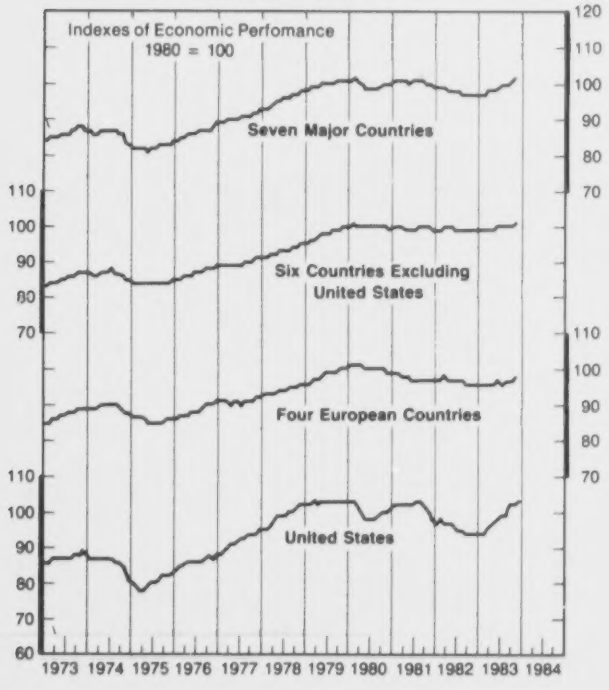
SUMMARY

Growth rates in the leading economic indexes for the seven major industrial nations continue to register solid progress toward economic recovery. Japan's 13% rate topped the list, followed closely by the U.S. at 12%. Growth rates in the leading indexes for Canada, West Germany and Italy ranged from 10% to 7%, while the United Kingdom and France clocked a sluggish 2%. Upswings in the economic performance indexes, which measure total economic activity and move coincidently with it, continue to show less vigor than the leaders. Nevertheless, all countries except Italy seem to have turned the corner.

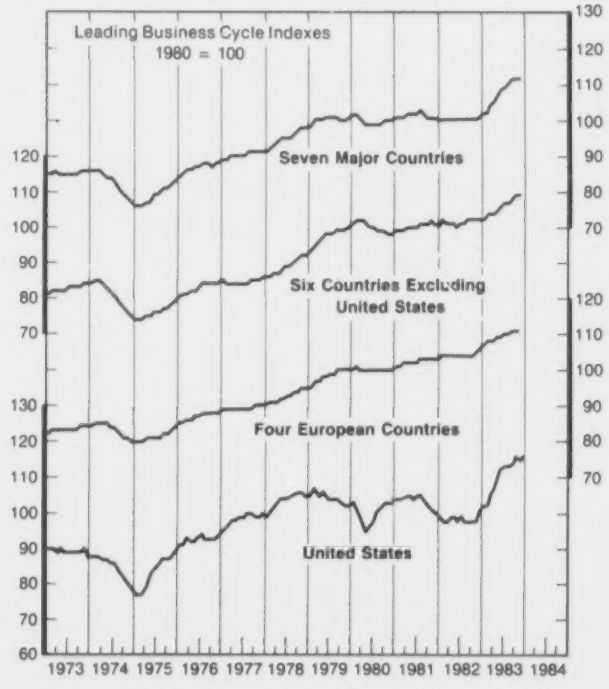
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1969-79	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	annual rates, percent								
United States	3	7	10	11	20	17	12	Strong expansion continuing	Dec.
Canada	4	3	6	6	15	16	10	Strong expansion continuing	Nov.
Japan	5	0	4	3	5	8	13	Expansion continuing	Nov.
United Kingdom	2	- 1	0	1	4	1	2	Leaders up slowly; economy sluggish	Nov.
West Germany	3	1	1	2	8	8	9	Slow recovery underway	Nov.
France	4	2	2	3	8	6	2	Slow recovery underway	Nov.
Italy	3	- 5	- 1	- 2	5	5	7	Leaders advancing; economy weak	Oct./Sept.
7 countri	3	2	5	6	11	12	10	Expansion continuing	Nov.
6 countries ex. U.S.	4	0	2	3	6	7	8	Recovery continuing	Nov.
4 European countries	3	0	1	3	6	6	5	Recovery continuing	Nov.
3 countries ex. Europe	4	3	6	8	14	15	13	Expansion continuing	Nov.

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are


Indexes of Economic Perfomance
1980 = 100
Seven Major Countries
Six Countries Excluding United States
Four European Countries
United States
1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

Where We're Headed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1980 = 100
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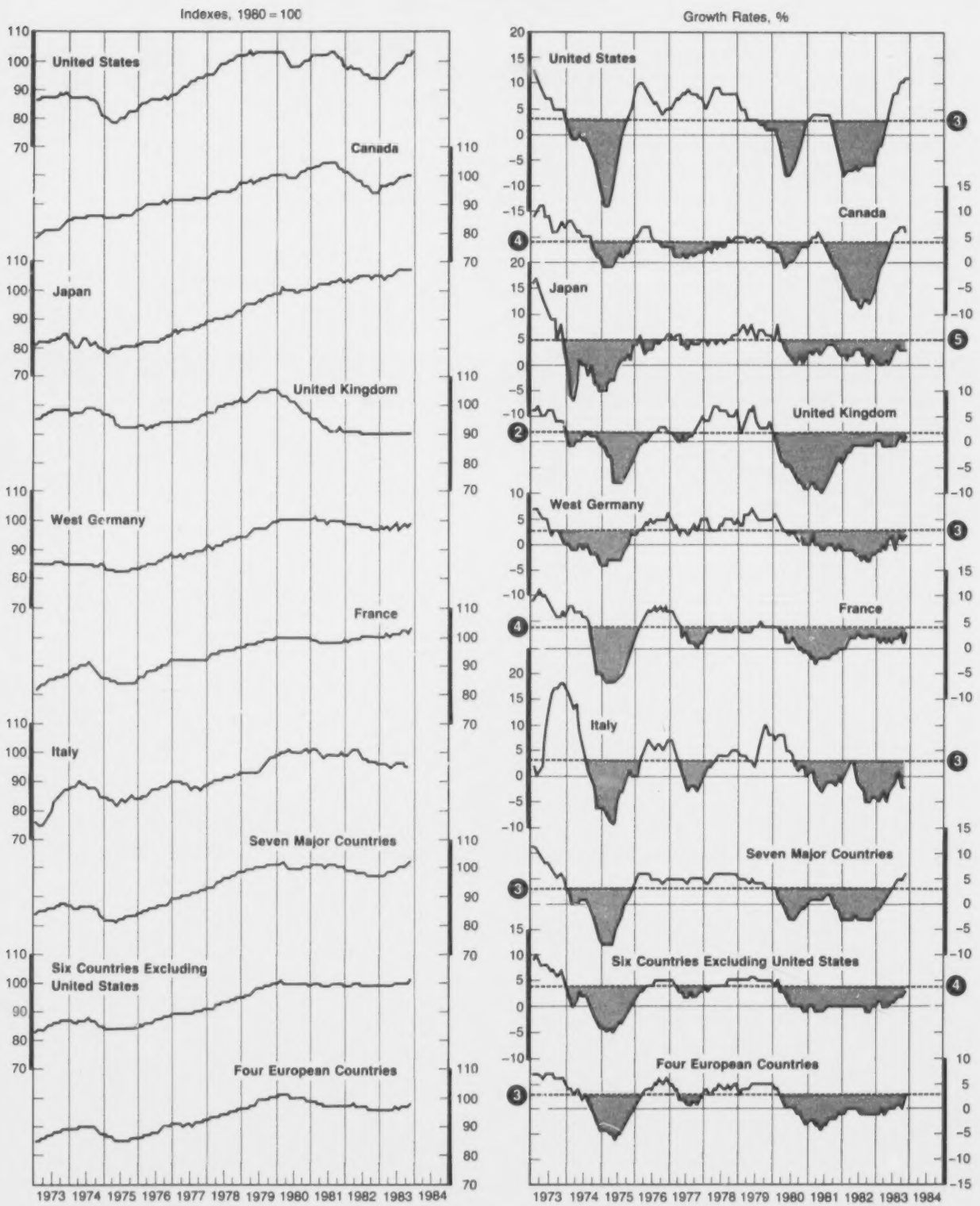
Where We Are

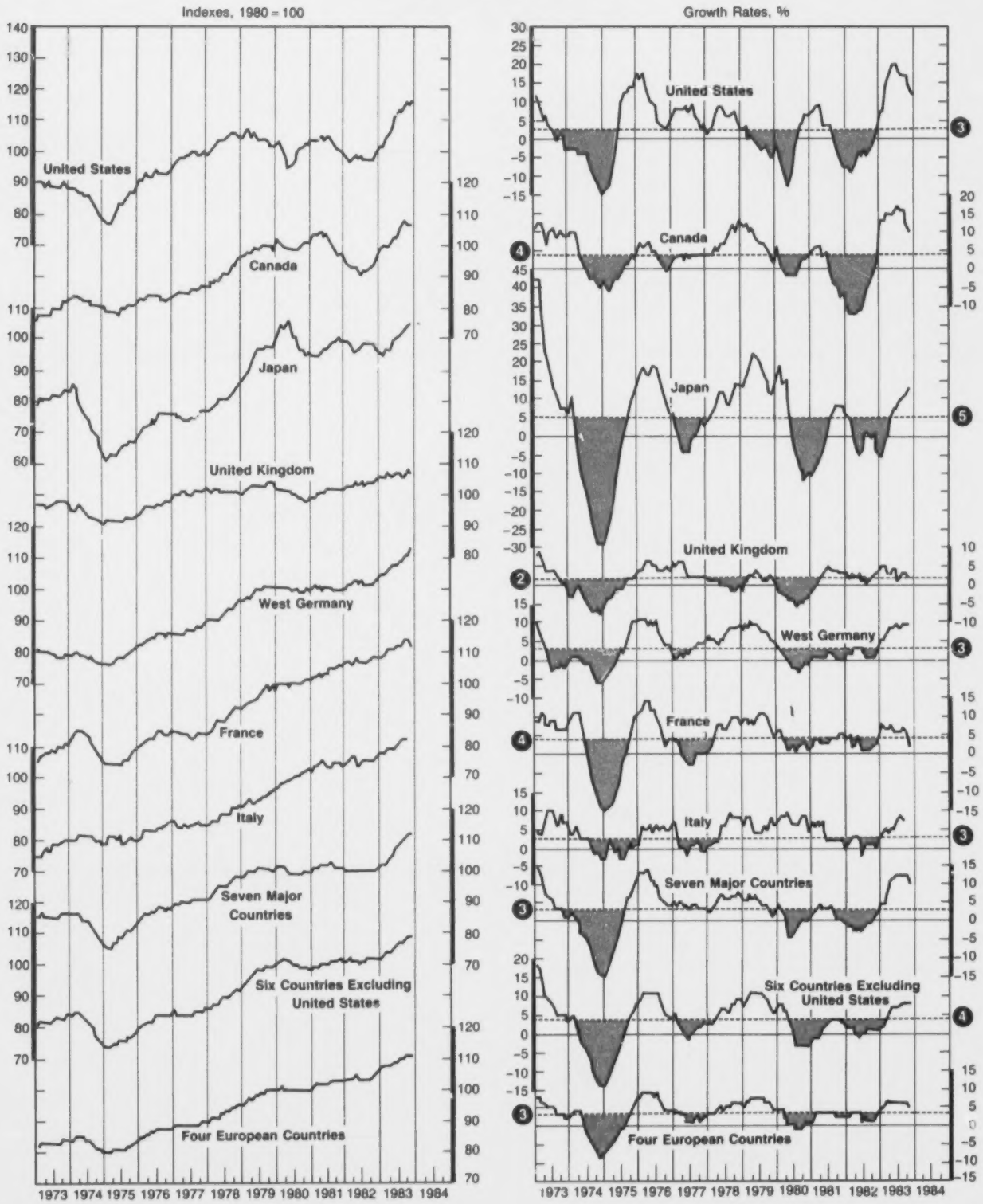
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

2

THE RECORD OF THE LEADING INDICATORS

By now, the usefulness of monitoring business cycles with indicator systems is well-established in the United States. In the past twenty-five years, the practice of studying the leading indicators for clues as to what is happening now and might happen in the immediate future has become common among economists in both business and government. Whether one is interested in cyclical development in general or in the likely impact of cyclical changes on a particular business or industry, leading indicators can provide a valuable guide both to "forecasting the present" and to predicting future changes.

Increasingly, too, U.S.-style indicator systems are catching on in other countries. Studies at the Center for International Business Cycle Research at Columbia have shown that this development is justified. The same economic factors that explain why the leading indicators lead in the United States also operate abroad and produce substantially similar results.

The accompanying table shows the average lead time, in months, of each of the leading indicators that form the composite leading indexes in the Scoreboard. A minus sign—say, -3—means that in the past the indicator has reached its turning point, on the average, three months before the turning point in the economy. Where there is a plus sign, as in the case of the average workweek in Italy, the indicator lagged behind the economy more often than not.

The vast majority of the entries in the table are minuses, that is, leads. There are three zeroes, meaning coincident behavior; four pluses, or lags; and 78 minuses, or leads. The composite indexes themselves all lead, and the entries for the seven countries taken together show that every single indicator leads, on average.

The reader may wonder why, if the indicators are selected because of their tendency to lead the economy into and out of recession, there are any entries showing lags. Why aren't such indicators rejected? The answer is that the indicators were originally selected on the basis of their behavior in the United States, in studies completed a number of years ago. This left open the possibility, however, that in some countries they might not perform the same way, and when the international indicator system was set up one objective was to see whether they did or not. By and large, the indicators performed as expected, and consequently the entire set was left as is. This had the advantage of preserving comparability across countries, to the degree that is attainable from available statistics. Moreover, it is not always easy to ascertain whether deviant behavior is

Median Leads and Lags of Leading Indicators at Growth Cycle Peaks and Troughs, Seven Countries

Indicators: U.S. Classification and U.S. Title[a]	*United States*	*Canada*	*Japan*	*United Kingdom*	*West Germany*	*France*	*Italy*	*Seven Countries*
	lead (−) or lag (+), in months							
Average workweek, manufacturing	− 2	− 4	− 4	− 2	− 2	− 3	+ 2	− 2
New unemployment claims[b]	− 2	− 2	NA	NA	− 2	NA	NA	− 2
New orders, consumer goods[c]	− 2	− 1	NA	NA	NA	−11	− 8	− 5
Formation of business enterprises	− 4	NA	−13	− 8	− 8	NA	− 6	− 8
Contracts and orders, plant and equipment[c]	− 2	+ 2	− 4	− 3	− 4	NA	NA	− 3
Building permits, housing	− 7	− 5	− 9	−11	+ 8	− 8	− 2	− 7
Change in business inventories[c]	− 1	0	− 2	− 5	− 4	NA	NA	− 2
Change in industrial materials prices	− 4	− 3	− 7	+ 3	0	− 1	NA	− 2
Stock price index	− 4	− 4	− 6	− 8	− 7	− 8	− 8	− 7
Profits[c]	− 2	− 3	−10	− 3	− 9	NA	NA	− 3
Ratio, price to unit labor cost	− 7	0	− 2	−12	− 9	− 4	NA	− 6
Change in consumer debt[c]	− 6	− 7	− 9	−16	−18	NA	NA	− 9
Composite Leading Index	− 2	− 2	− 4	− 6	− 6	− 4	− 5	− 4

Note: NA = Indicator not available.

a The indicator available for each country is sometimes only roughly equivalent in content to the U.S. indicator. In some cases two indicators are used to match the U.S. indicator and the median covers all observations for both indicators. The periods covered vary for each indicator and each country, but all are within the years 1948-1981. The growth cycle peaks and troughs are based upon turning points in output, employment, real income and sales after long-run growth trends are eliminated.

b Inverted.

c In constant prices.

systematic or simply a temporary aberration. At any rate, the overall record is quite good. A batting average of over 90 percent is pretty good in any league.

Drawing on the table, here are some observations worth noting about the indicators:

(1) Stock prices, profits, and the ratio of prices to unit labor costs all lead the business cycle, and are obviously related to one another. Stock prices are influenced by earnings and earnings are influenced by margins, for which the price/labor-cost ratio is a good proxy.

(2) Changes in inventories and the rate of change in materials prices both show leads in most instances. The accumulation of inventories of materials often goes hand in hand with a firming of prices, while liquidation makes for a softening of prices.

(3) Commitments for new investment—represented by the formation of business enterprises, contracts and orders for plant and equipment, and building permits for new housing—show leads for the most part, evidencing their close connection with the indicators of profitability. But actul investment expenditures are not in the leading group. They follow the commitments, and they follow, not lead, the business cycle.

(4) Only two series relating directly to consumption are in the table—new orders for consumer goods and change in consumer debt. They anticipate the movement of total retail sales, which move with the business cycle but seldom before it.

(5) The two leading indicators pertaining directly to employment and unemployment are the average workweek and initial claims for employment insurance. Shorter or longer workweeks are a management device to give quick effect to decisions to change labor input. Putting in a claim for unemployment insurance benefits is one of the first steps a newly employed worker takes. Hence, these are early warning indicators of developments that show up later in the employment and unemployment numbers.

As this analysis suggests, the historical record is not the only reason for thinking that the leading indicators will continue to give advance warning of recessions and recoveries. Equally basic are the business practices and economic interrelationships that explain why they do so. Behind every one of the leading indicators lies a rationale, formulated and tested over many years by economists in business, government and academia. Without that, it is doubtful that the system would have survived, and even more doubtful that it should have deserved survival.

INDEXES, SEVEN COUNTRIES, 1982-83

	U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countres ex. U.S.		4 Countries Europe	
	Indexes, 1980 = 100																			
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Dec. 82	94	100	94	96	105	96	90	105	97	104	100	108	96	107	97	101	99	102	96	106
Jan. 83	94	102	96	99	105	95	90	106	98	105	100	109	96	108	97	102	99	102	96	107
Feb. 83	94	102	96	100	104	94	90	106	97	105	100	111	96	102	97	102	99	103	96	108
Mar. 83	95	105	96	100	105	96	90	107	98	106	101	111	96	109	98	104	99	104	96	108
Apr. 83	96	107	97	102	105	96	90	106	97	107	100	111	95	109	98	105	99	104	96	108
May 83	97	109	97	103	105	99	90	107	98	108	101	112	95	109	98	107	99	105	96	109
June 83	98	112	98	103	106	100	90	107	99	108	101	112	96	110	99	108	100	106	97	109
July 83	99	113	99	105	107	101	90	107	97	109	101	112	96	111	100	109	100	107	96	110
Aug. 83	99	113	99	106	107	102	90	106	98	110	102	113	96	112	100	110	100	107	97	110
Sept. 83	101	114	100	108	107	103	90	107	99	111	102	114	95	112	100	111	100	108	97	111
Oct. 83	102	116	100	107	107	104	90	108	98	111	101	114	95		101	112	100	109	97	111
Nov. 83	102	115	100	107	107	105	90	107	99	113	103	112			102	112	101	109	98	111
Dec. 83	103	116																		
	Growth Rates, Percent																			
Dec. 82	- 5	3	- 5	5	1	-3	0	3	- 2	3	2	3	- 4	2	- 2	2	0	1	- 1	3
Jan. 83	- 2	7	- 2	11	0	-5	0	4	- 1	5	2	5	- 5	3	- 1	4	- 1	2	- 1	4
Feb. 83	- 2	7	- 1	13	0	-6	0	5	- 1	5	1	8	- 4	4	- 1	4	- 1	2	- 1	5
Mar. 83	0	11	0	13	0	-2	- 1	5	0	6	2	7	- 3	5	0	7	0	4	0	6
Apr. 83	2	14	1	15	1	0	- 1	3	- 1	7	1	7	- 5	4	1	8	0	5	- 1	6
May 83	5	17	3	15	0	5	- 1	4	1	8	2	8	- 3	5	2	11	0	6	0	6
June 83	7	20	5	15	1	7	- 1	4	2	8	1	6	- 2	5	3	12	1	7	0	6
July 83	8	20	6	17	3	7	- 1	4	- 1	9	2	6	- 1	7	4	12	1	7	0	6
Aug. 83	8	18	6	16	4	8	0	1	1	8	2	6	1	8	5	12	2	7	1	6
Sept. 83	10	17	7	16	3	10	1	3	2	9	3	7	- 2	7	5	12	2	8	1	6
Oct. 83	10	17	7	12	3	11	0	3	1	9	1	6	- 2		5	12	2	8	0	6
Nov. 83	11	14	6	10	3	13	1	2	2	9	3	2			6	10	3	8	3	5
Dec. 83	11	12																		
	Ten Year Annual Growth Rate, Percent																			
1969-79	3	3	4	4	5	5	2	2	3	3	4	4	3	3	3	3	4	4	3	3

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations as well as the leading indexes. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typicaly after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across The Board*, April 1980 and *Business Cycles, Inflation and Forecasting*, Ballinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however. Constant monitoring is needed to make effective use of the system and get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationry trends.

The indexes for the seven major industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates, 1969-79, are equal to those in real GNP in the country concerned. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

Another Reminder, Revisions:

Beginning January 1984, the indexes are shown with 1980 = 100 rather than 1970 = 100. The long-run growth rate (see above) is for 1969-79, not 1966-76. The composite indexes for groups of countries are weighted by each country's GNP in 1980, not 1970, and a new index is shown for the U.S., Canada and Japan. A few changes have been made in the components of the indexes.

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A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

R4105-6 A

MARCH, 1984

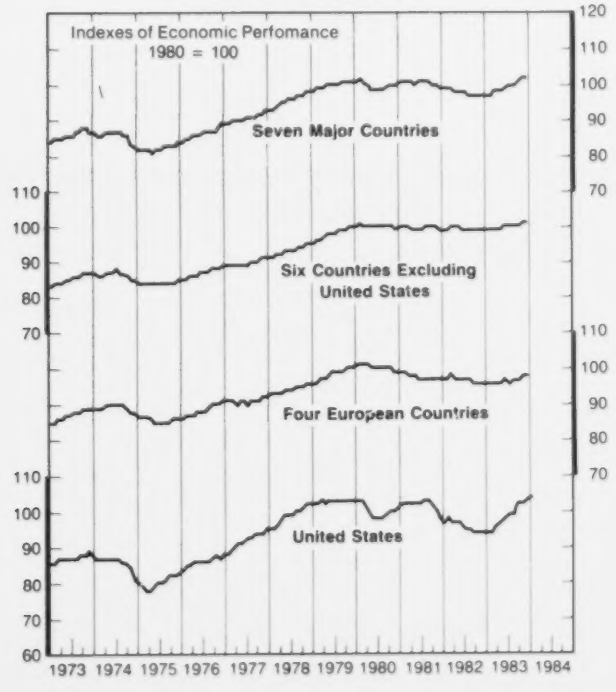
SUMMARY

The international business-cycle upswing continues to spread. West Germany and France have joined the group of countries that have rapidly rising leading indexes. The latest growth rates for this group are: France, 13%; U.S., 12%; Japan, 11%; Canada, 10%; West Germany, 9%. Leading index growth rates for the United Kingdom and Italy are still in the 3 to 4% growth rate range. Some growth is better than none, however, and the leading index for all seven countries taken together is advancing at a 10% clip. The economic performance indexes also are rising in all countries except Italy.

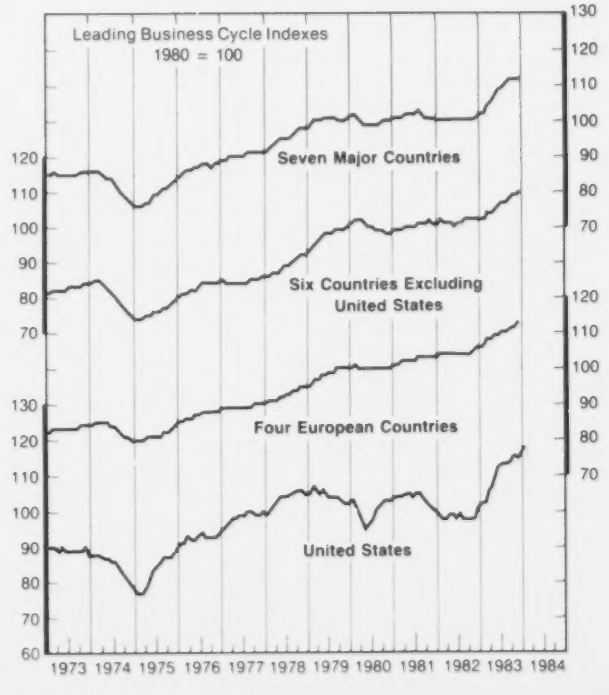
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1969-79	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	annual rates, percent								
United States	3	8	10	11	21	17	12	Strong expansion continuing	Jan.
Canada	4	5	7	6	15	16	10	Strong expansion continuing	Dec.
Japan	5	1	3	3	8	10	11	Expansion continuing	Dec.
United Kingdom	2	- 1	1	2	3	3	5	Slow recovery underway	Dec.
West Germany	3	2	2	3	8	9	9	Expansion continuing	Dec.
France	4	0	1	2	6	8	13	Slow recovery underway	Dec./Jan.
Italy	3	- 5	- 1	- 2	5	8	3	Leaders advancing; economy weak	Oct./Nov.
7 countries	3	3	5	6	12	12	10	Expansion continuing	Dec.
6 countries ex. U.S.	4	1	2	2	7	8	8	Recovery continuing	Dec.
4 European countries	3	0	1	2	6	7	7	Recovery continuing	Dec.
3 countries ex. Europe	4	5	7	8	16	15	11	Expansion continuing	Dec.

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are



Where We're Headed



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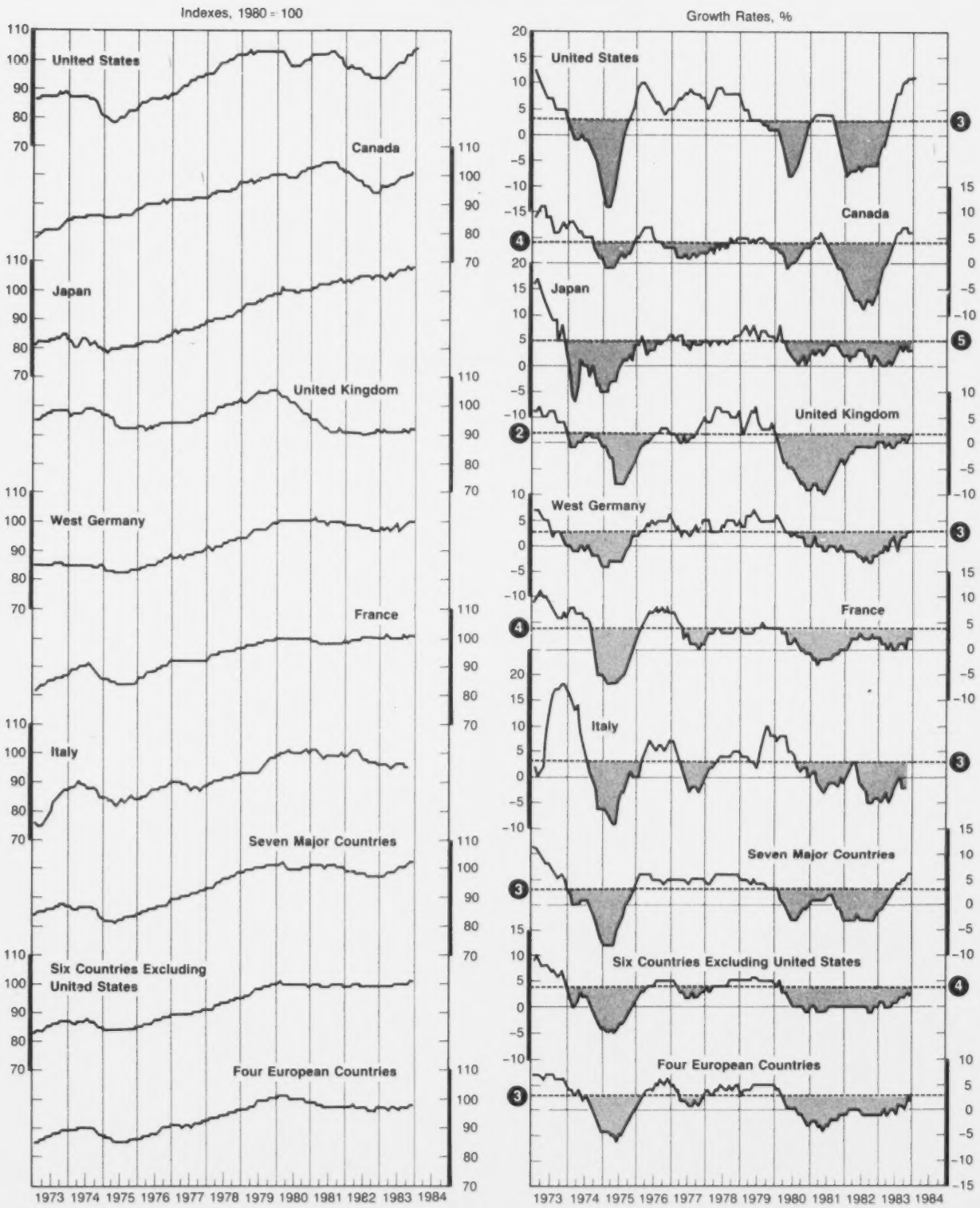
Where We Are

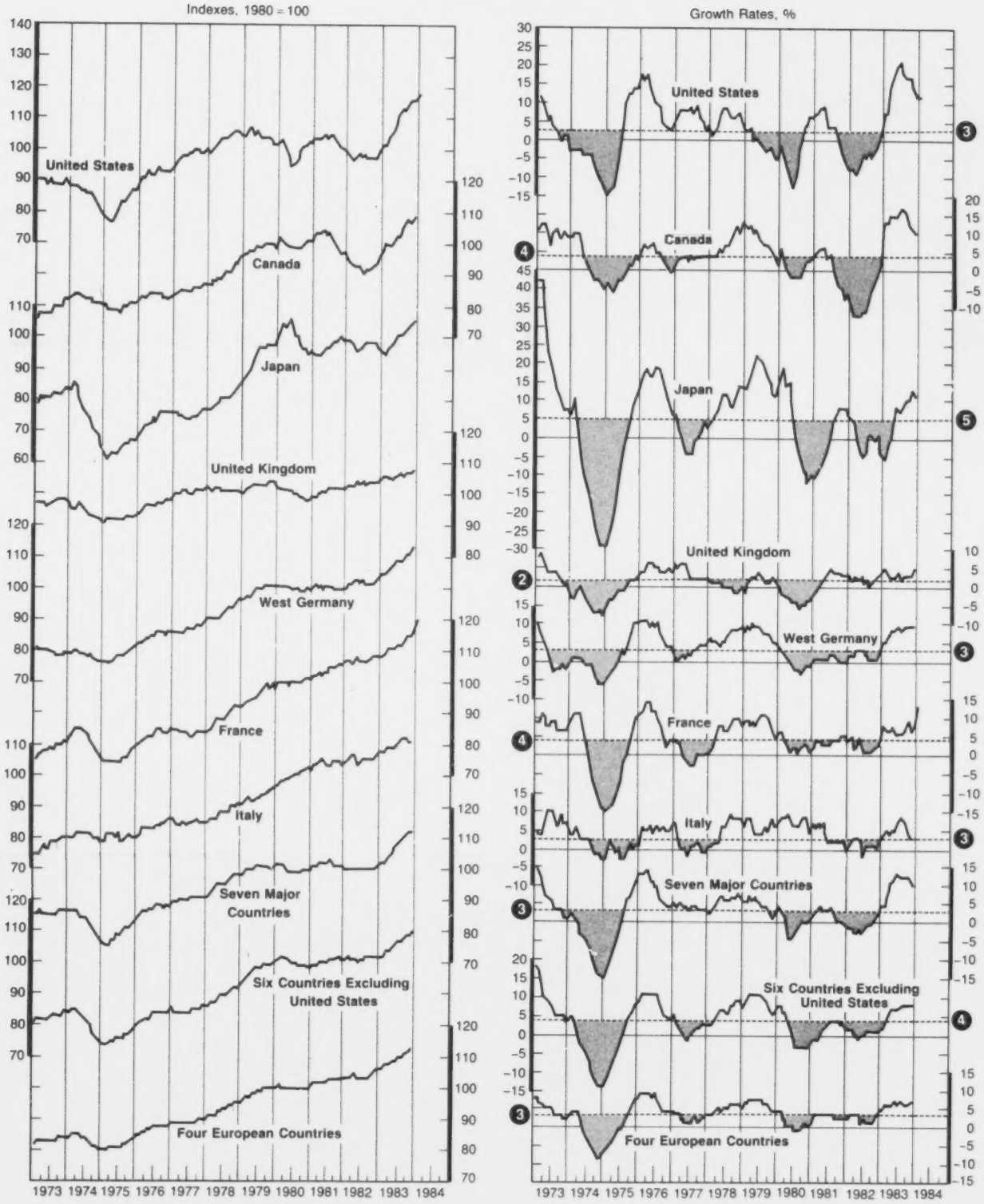
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

INDEXES, SEVEN COUNTRIES, 1982-83

	U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex. U.S.		4 Countries Europe	
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
									Indexes, 1980 = 100											
Dec. 82	94	100	94	96	105	96	92	104	97	104	100	108	96	107	97	101	99	102	97	106
Jan. 83	94	102	96	98	105	95	91	105	98	105	100	109	96	108	97	102	99	102	97	106
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Mar. 83	95	105	96	100	105	96	91	106	98	106	100	111	96	109	98	104	99	104	97	108
Apr. 83	96	107	97	102	106	97	91	105	97	107	100	112	95	109	98	105	99	104	96	108
May 83	97	109	97	103	105	99	91	106	98	108	100	112	95	109	98	107	99	105	97	109
June 83	98	112	98	103	106	101	91	106	99	109	100	112	96	110	99	108	100	106	97	109
July 83	99	113	99	105	107	101	91	107	97	109	100	112	96	111	100	109	100	107	96	110
Aug. 83	99	113	99	106	107	102	91	106	98	110	100	113	96	112	100	110	100	107	97	110
Sept. 83	101	114	100	108	107	103	92	107	99	111	101	114	95	112	100	111	100	108	97	111
Oct. 83	102	116	100	107	108	104	91	107	99	111	100	115	95	111	101	112	100	109	97	111
Nov. 83	102	116	100	108	107	105	92	107	100	112	101	115		111	102	112	101	109	98	112
Dec. 83	103	116	101	109	108	105	92	108	100	113	101	116			102	112	101	110	98	113
Jan. 84	104	118										120								
									Growth Rates, Percent											
Dec. 82	- 5	3	- 5	5	1	-3	0	3	- 2	3	2	3	- 4	2	- 2	2	0	1	- 1	3
Jan. 83	- 2	7	- 2	11	0	-5	0	4	- 1	5	2	5	- 5	3	- 1	4	- 1	2	- 1	4
Feb. 83	- 2	7	- 1	13	0	-6	0	5	- 1	5	1	7	- 4	4	- 1	4	- 1	2	- 1	5
Mar. 83	0	11	0	13	0	-2	- 1	4	0	6	1	7	- 3	5	0	7	0	4	0	6
Apr. 83	2	14	2	15	1	1	0	3	- 1	7	0	7	- 5	4	1	9	0	5	- 1	6
May 83	5	17	3	15	0	5	- 1	3	1	8	1	8	- 4	5	2	11	0	6	0	6
June 83	7	20	5	15	1	8	- 1	3	2	8	0	6	- 2	5	3	12	1	7	0	6
July 83	8	21	6	17	3	7	0	4	- 1	9	0	6	- 1	7	4	13	1	7	- 1	7
Aug. 83	8	18	6	16	4	8	0	2	1	8	1	6	-0	8	4	12	2	7	1	6
Sept. 83	10	17	7	16	3	10	1	3	2	9	1	7	- 2	7	5	12	2	8	1	7
Oct. 83	10	17	7	12	4	10	0	3	2	9	0	8	- 2	4	5	12	2	8	0	6
Nov. 83	11	14	6	11	3	13	1	3	3	9	2	6		3	6	11	3	8	3	6
Dec. 83	11	12	6	10	3	11	2	5	3	9	2	7			6	10	2	8	2	7
Jan. 84	11	12										13								
									Ten Year Annual Growth Rate, Percent											
1969-79	3	3	4	4	5	5	2	2	3	3	4	4	3	3	3	3	4	4	3	3

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations as well as the leading indexes. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across The Board*, April 1980 and *Business Cycles, Inflation and Forecasting*, Ballinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however. Constant monitoring is needed to make effective use of the system and get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationry trends.

The indexes for the seven major industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates, 1969-79, are equal to those in real GNP in the country concerned. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

Another Reminder, Revisions:

Beginning January 1984, the indexes are shown with 1980 = 100 rather than 1970 = 100. The long-run growth rate (see above) is for 1969-79, not 1966-76. The composite indexes for groups of countries are weighted by each country's GNP in 1980, not 1970, and a new index is shown for the U.S., Canada and Japan. A few changes have been made in the components of the indexes.

For More Information

To find out more about this indicator system and the availability of detailed data for each country please address inquiries to:

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Graduate School of Business, Columbia University
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The Conference Board, Inc.
Avenue Louise, 207 Bte 5
B-1050 Brussels, Belgium
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A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

APRIL, 1984

R4105-6 A

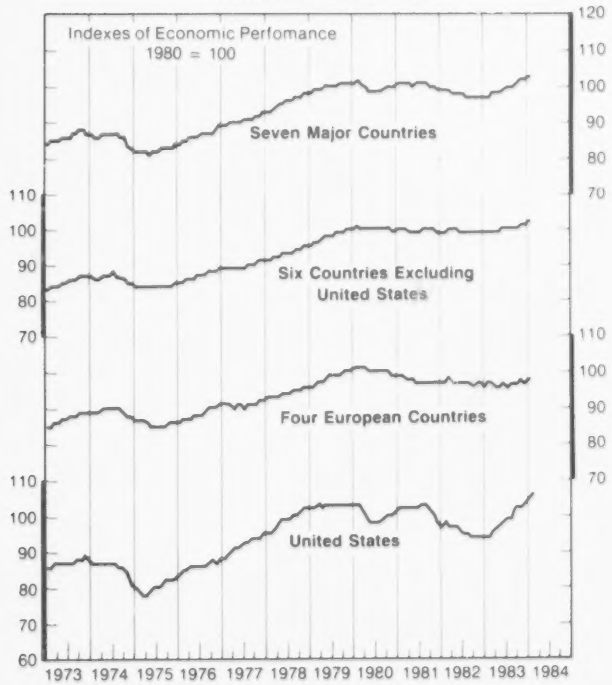
SUMMARY

Vigorous growth continues to characterize the latest leading indexes for five of the seven major industrial countries. Japan has forged ahead to the top position, with a growth rate of 14% in its leading index. The leading indexes for the United States, France, Canada and West Germany are showing growth rates in the 8 to 10% range. Slow growth, at 4%, characterizes the indexes for the United Kingdom and Italy. Growth rates in the economic performance indexes are substantially lower than in the leading indexes in most countries, as is usually true when an expansion gets under way.

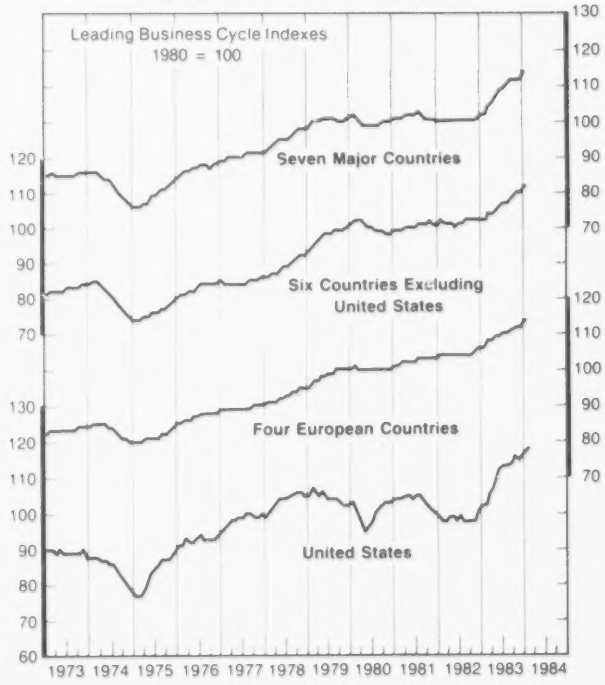
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1969-79	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	annual rates, percent								
United States	3	8	11	12	18	14	10	Strong expansion continuing	Feb.
Canada	4	6	7	6	17	12	9	Strong expansion continuing	Jan.
Japan	5	3	4	3	7	12	14	Expansion continuing	Jan.
United Kingdom	2	0	0	1	4	3	4	Slow recovery under way	Jan.
West Germany	3	- 1	2	5	9	9	9	Expansion continuing	Jan.
France	4	0	0	3	6	7	11	Expansion continuing	Jan.
Italy	3	- 5	- 1	- 2	3	6	4	Leaders advancing; economy weak	Oct./Nov.
7 countries	3	4	5	7	13	12	10	Expansion continuing	Jan.
6 countries ex. U.S.	4	1	2	4	7	8	10	Expansion continuing	Jan.
4 European countries	3	0	0	3	6	6	8	Expansion continuing	Jan.
3 countries ex. Europe	4	6	8	9	17	15	12	Expansion continuing	Jan.

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are



Where We're Headed



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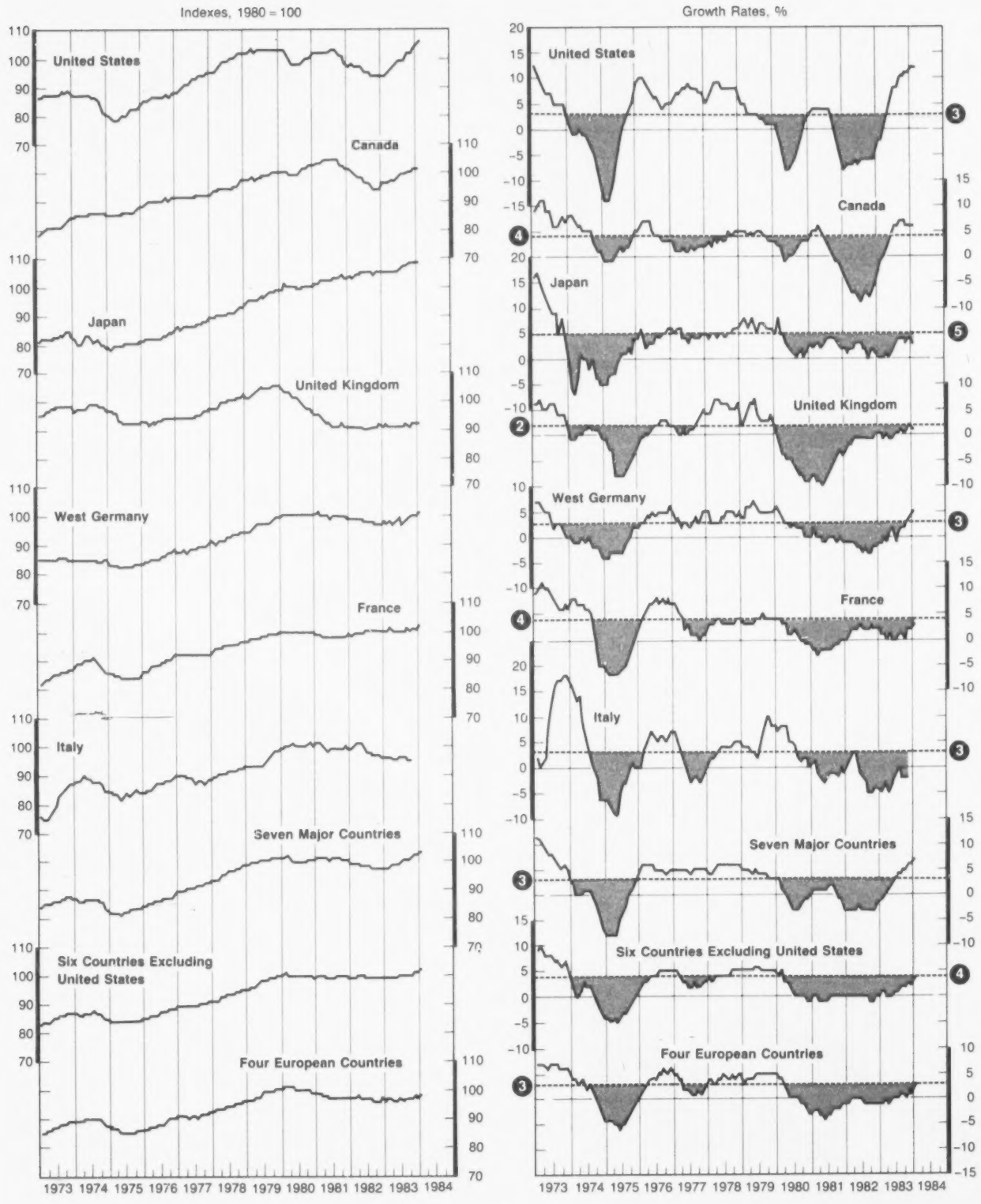
Where We Are

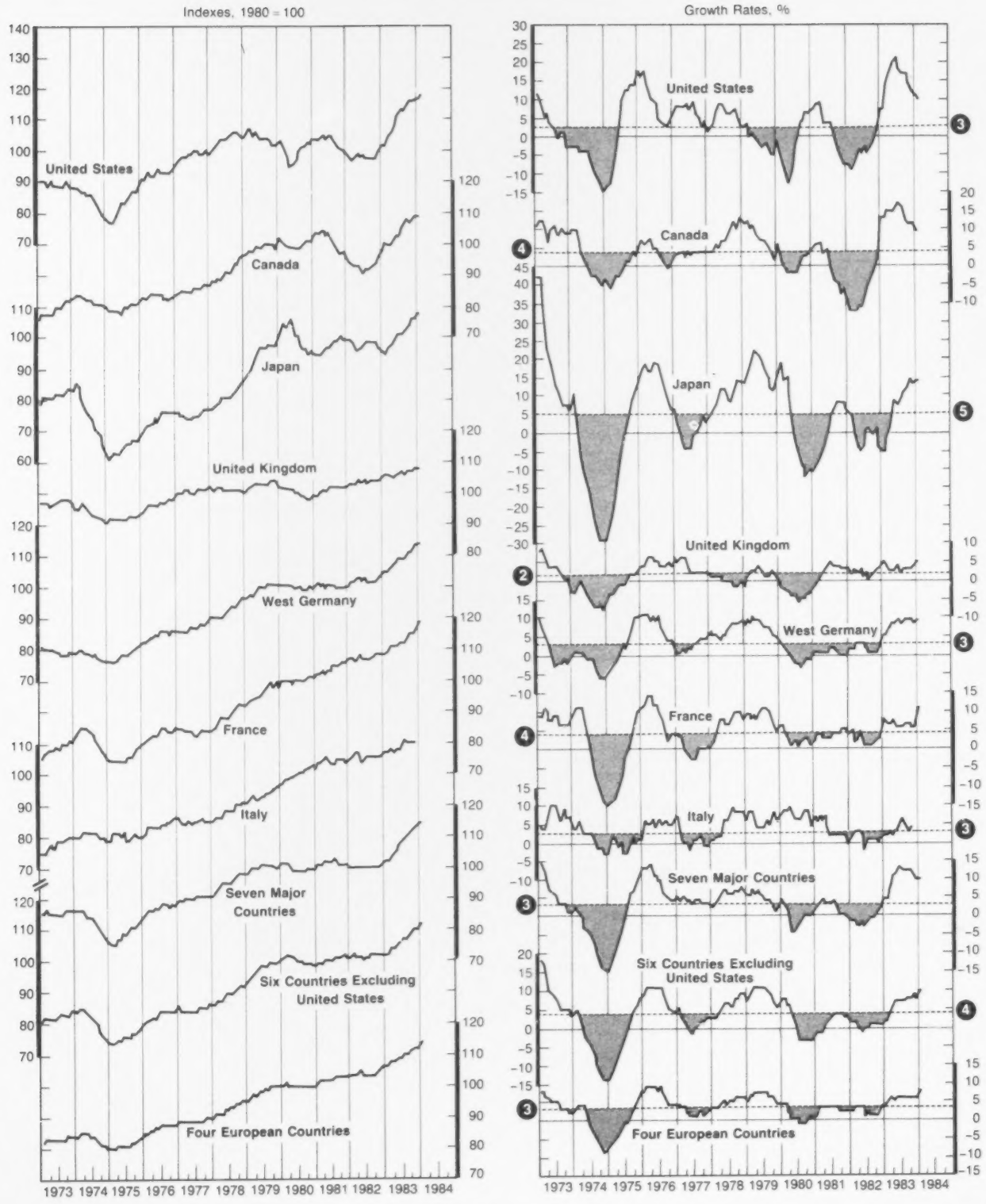
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

CURBING COST INFLATION: SOME INTERNATIONAL COMPARISONS

The stabilization of unit costs of production last year was one of the great, but unsung, achievements of recent U.S. economy policy. During 1983, the combination of restrained increases in money wages and continued productivity growth served to hold the increase in unit labor costs in the United States to only 1.3 percent. This increase was the lowest since 1965. Compared with unit-cost advances at rates of 11 percent in 1979 and 1980, this relative stability was basic to the sharp slowdown in the rate of inflation, to the improved outlook for profits, and to the economic expansion now under-way.

The factors underlying this development go back to the recession of 1981-1982; to the cost-saving and productivity-enhancing efforts that the recession induced; and to the concurrent slackening in demand for labor. Under threat of insolvency, management and labor focused their efforts and their imagination on ways to increase efficiency, reduce overhead, and preserve jobs. The cost-stabilizing benefits of these developments were largely realized after the recovery got under-way in late 1982. By the second half of 1983, the cost inflation of the 1960s and 1970s had been virtually stopped.

Similar progress in curbing cost advances has been achieved in other countries. In Japan, for example, labor costs per unit of output, which had been rising at a nine percent annual rate in 1982, rose only one percent in the second quarter of 1983 and fell in the third. In West Germany, while unit costs rose about 4-½ percent in 1982, they fell from quarter to quarter in 1983. In the United Kingdom, unit labor costs were growing at a 5-½ percent rate in 1982. The advance slowed to a 2-½ percent rate in 1983, the lowest since the early 1970's.

These are notable results, partly because of the fundamental long-run relationship tying costs and prices together. In addition, they have significant implications for profits and hence for investment. In the U.S., prices decelerated as well as costs, but costs decelerated more. Hence profits improved last year from long-depressed levels (see chart).

Price and cost developments of a similar character have occurred in the U.K., West Germany, and Japan. In all three countries, indicators of profit margins have moved favorably in recent quarters. This improvement in margins, together with growing markets, accounted for the speed of the rebound in total profits. The table discloses that corporate profits in the U.S., after allowing for inflation, increased at a 43 percent annual rate from the first quarter to the fourth quarter of 1983. Furthermore, the cash flow of businesses has been strengthened by the liberal treatment of depreciation and other tax changes of recent years. After-tax economic profits relative to the nation's output, only a year after recession, are now approaching the highest levels of the 1970s. This in turn has contributed to significant expansion in plans for capital investment, which if carried through would be promising for future productivity growth.

GROWTH IN REAL CORPORATE PROFITS SINCE THEIR CYCLICAL LOWS, FOUR COUNTRIES

Country (Units)	*Cyclical Low*	*Latest Reading*	*Percentage Change (annual rate)*
United States (bill. 1972 $)	51.7 (I Q 83)	67.5 (IV Q 83)	+43
United Kingdom (mill. 1980 £)	5,454 (I Q 82)	7,851 (III Q 83)	+27
West Germany[1] (10 mill. 1980 DM)	6,161 (III Q 82)	6,429 (III Q 83)	+ 4
Japan (100 mill. 1975 yen)	44,966 (I Q 83)	52,237 (IV Q 83)	+22

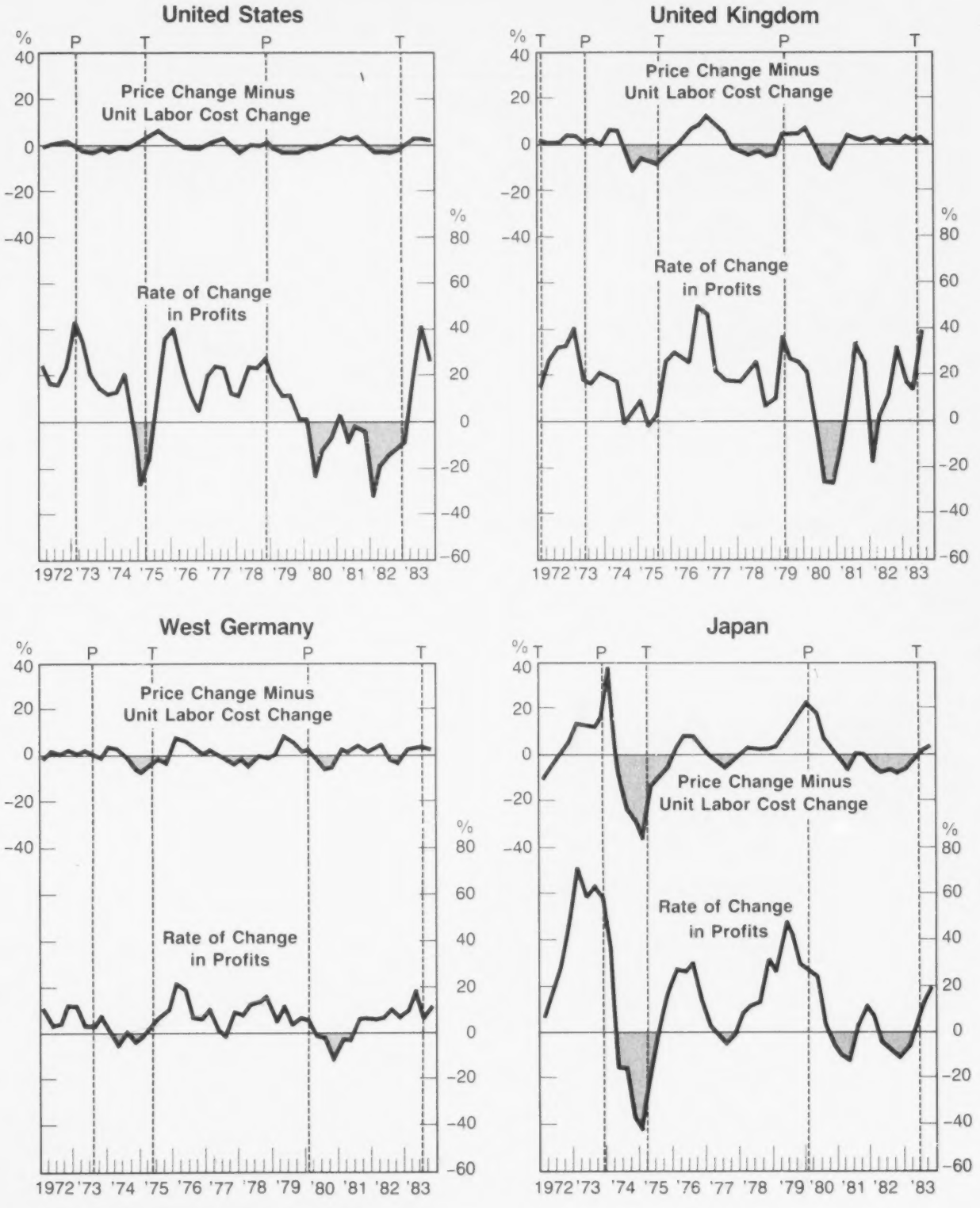
[1]Data represent entrepreneurial and property income.

A rebound in total profits occurred in the other countries too. Underlying the favorable developments in profits in all these countries was, of course, the important role played by productivity growth. Towards the end of recessions and during periods of cyclical recovery, it is customary for productivity—output per worker-hours—to rise rapidly, and it did. It is also customary for this rise to have a significant effect in slowing down the rise in labor costs per unit of output, and it did. Thus productivity growth had an important stabilizing effect on costs, and thereby on prices. And, of course, it stimulated the growth of profits. This, too, is a customary consequence.

The rapid productivity growth occurred while employment was growing at an unprecedented rate. Four million jobs were created in the U.S. in 1983. Productivity advance is no necessary bar to expanded employment.

It is plain that productivity growth helped to bring about less inflation in costs and prices in this country and other important industrial nations. The record also supports the view that if we are to look forward to an era of prosperity without inflation in the 1980s, we would be well advised to seek high rates of productivity growth. This, however, will not come easily. The present expansion in the U.S. is almost one-and-a-half years old. From the end of World War II to 1981, there were six peacetime expansions, averaging about three years in length. The current expansion is thus at about the halfway mark relative to this standard. Business cycle history amply documents that as the economy moves into the second half of an expansion productivity improvements fade rapidly. At about the same time, hourly compensation generally grows more rapidly. This combination customarily spells quicker advance in unit costs and prices. Hence we are approaching that stage of the business cycle when special efforts will be needed simply to hold on to the gains that already have been made in reducing costs and limiting inflation.

Price/Cost Differences and Profits, Four Countries



Note: Vertical lines represent growth cycle peaks and troughs

Source: For the United States, Natinal Bureau of Economic Research. For other countries, Center for International Business Cycle Research.

INDEXES, SEVEN COUNTRIES, 1982-83

	U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex. U.S.		4 Countries Europe	
	Indexes, 1980 = 100																			
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Dec. 82	94	100	94	96	105	96	92	104	97	104	100	108	96	106	97	101	99	102	97	105
Jan. 83	94	102	96	98	105	95	91	105	98	105	100	109	96	107	97	102	99	102	96	106
Feb. 83	94	102	96	100	105	94	91	106	97	105	100	111	96	107	97	102	99	102	97	107
Mar. 83	95	105	96	100	105	96	91	106	98	106	100	111	96	108	98	104	99	104	97	108
Apr. 83	96	107	97	102	105	97	91	105	97	107	100	112	95	107	98	105	99	104	96	108
May 83	97	109	97	103	105	99	91	106	98	108	100	112	95	108	98	107	99	105	96	109
June 83	98	112	98	103	105	101	91	106	99	109	100	112	96	108	99	108	100	106	97	109
July 83	99	113	99	105	106	101	91	107	97	109	100	112	96	110	100	109	100	107	96	110
Aug. 83	99	113	99	106	107	102	91	106	98	110	100	113	96	110	100	110	100	107	97	110
Sept. 83	101	114	100	108	107	103	92	107	99	111	101	114	95	110	100	111	100	108	97	111
Oct. 83	102	116	100	107	108	104	91	107	99	111	100	115	95	110	101	112	100	109	97	111
Nov. 83	102	116	100	108	108	106	92	107	100	112	101	115		110	102	112	101	110	98	112
Dec. 83	103	116	101	109	108	106	92	108	100	113	101	116			102	113	101	110	97	112
Jan. 84	105	117	101	109	108	108	92	108	101	114	102	119			103	114	102	112	98	114
Feb. 84	106	118																		
	Growth Rates, Percent																			
Dec. 82	- 5	3	- 5	5	1	-4	0	3	- 2	3	2	3	- 4	1	- 2	2	- 1	1	- 1	3
Jan. 83	- 2	7	- 2	11	0	-5	0	4	- 1	5	2	5	- 5	2	- 1	4	- 1	2	- 1	4
Feb. 83	- 2	7	- 1	13	0	-5	0	4	- 1	5	1	7	- 4	2	- 1	4	- 1	2	- 1	5
Mar. 83	0	11	0	13	0	-1	- 1	4	0	6	1	7	- 3	3	0	7	0	4	0	6
Apr. 83	2	14	2	15	1	1	0	3	- 1	7	0	7	- 5	2	1	9	0	5	- 1	5
May 83	5	17	3	15	0	6	- 1	3	1	8	1	8	- 4	3	2	11	0	6	0	6
June 83	7	20	5	15	1	8	- 1	3	2	8	0	6	- 2	3	3	12	1	7	0	6
July 83	8	21	6	17	3	7	0	4	- 1	9	0	6	- 1	5	4	13	1	7	0	6
Aug. 83	8	18	6	16	4	8	0	2	1	8	1	6	0	6	4	12	2	7	1	6
Sept. 83	10	17	7	16	4	11	1	3	2	9	1	7	- 2	5	5	12	2	8	1	6
Oct. 83	10	17	7	12	4	12	0	3	2	9	0	7	- 2	3	5	12	2	8	0	6
Nov. 83	11	14	6	11	3	14	1	3	3	9	2	6		4	6	11	3	9	2	6
Dec. 83	11	12	6	11	4	13	2	4	4	8	2	6			6	10	2	8	1	6
Jan. 84	12	11	6	9	3	14	1	4	5	9	3	11			7	10	4	10	3	8
Feb. 84	12	10																		
	Ten Year Annual Growth Rate, Percent																			
1969-79	3	3	4	4	5	5	2	2	3	3	4	4	3	3	3	3	4	4	3	3

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Graduate School of Business, Columbia University
New York, New York 10027
Telephone: 212-280-2916

A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

MAY, 1984

R4105-6 A

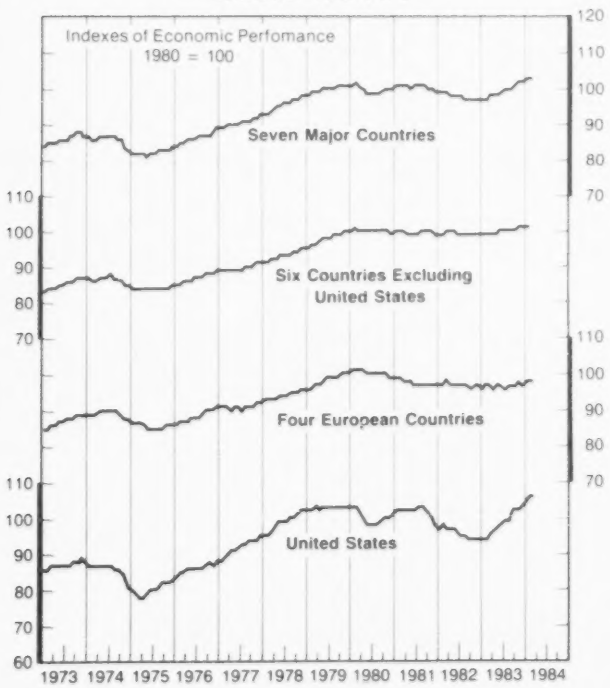
SUMMARY

The leading indexes continue to give an optimistic reading on future growth of the seven major industrial countries. The composite leading index for all seven countries registered an 11% annual growth rate in February, down slightly from 12% six months before. The economic performance index for the group of seven was rising at a 6% rate, up from 4% six months earlier. Most of the strength in these indexes came from Japan, the U.S., Canada and West Germany. France, Italy and the United Kingdom displayed less exuberance.

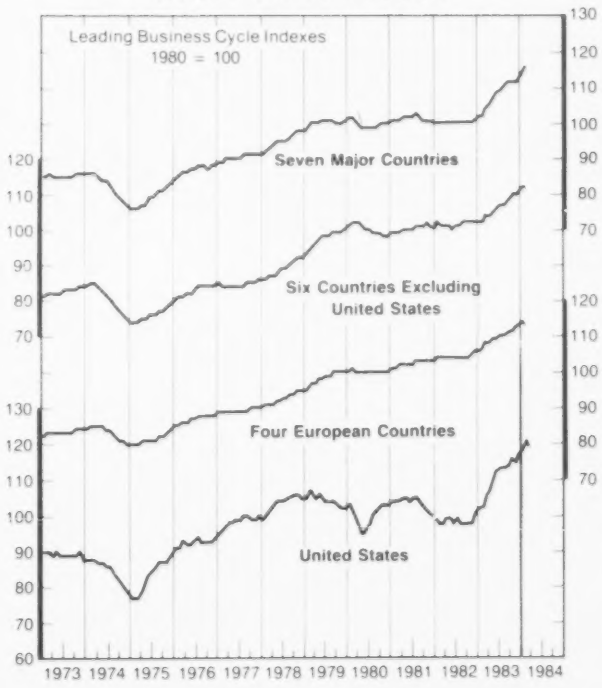
	Ten-year Growth Rate 1969-79	Indexes of Economic Performance Growth Rates* 6 mos. ago	3 mos. ago	Latest month	Leading Business Cycle Indexes Growth Rates* 6 mos. ago	3 mos. ago	Latest month	Current Reading on the Cycle	Latest Month Covered
		annual rates, percent							
United States	3	10	11	11	17	14	10	Expansion continuing	Mar.
Canada	4	6	6	4	17	12	8	Expansion continuing	Feb.
Japan	5	4	3	4	8	14	15	Expansion continuing	Feb.
United Kingdom	2	1	3	2	2	3	2	Slow recovery under way	Feb.
West Germany	3	1	3	4	8	10	8	Expansion continuing	Feb.
France	4	0	- 1	- 1	6	7	5	Leaders advancing; economy weak	Feb.
Italy	3	- 3	1	3	3	5	4	Leaders advancing; economy weak	Nov./Dec.
7 countries	3	4	6	6	12	12	11	Expansion continuing	Feb.
6 countries ex. U.S.	4	2	3	2	7	9	9	Expansion continuing	Feb.
4 European countries	3	1	2	1	6	6	6	Expansion continuing	Feb.
3 countries ex. Europe	4	6	8	9	15	15	15	Expansion continuing	Feb.

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are



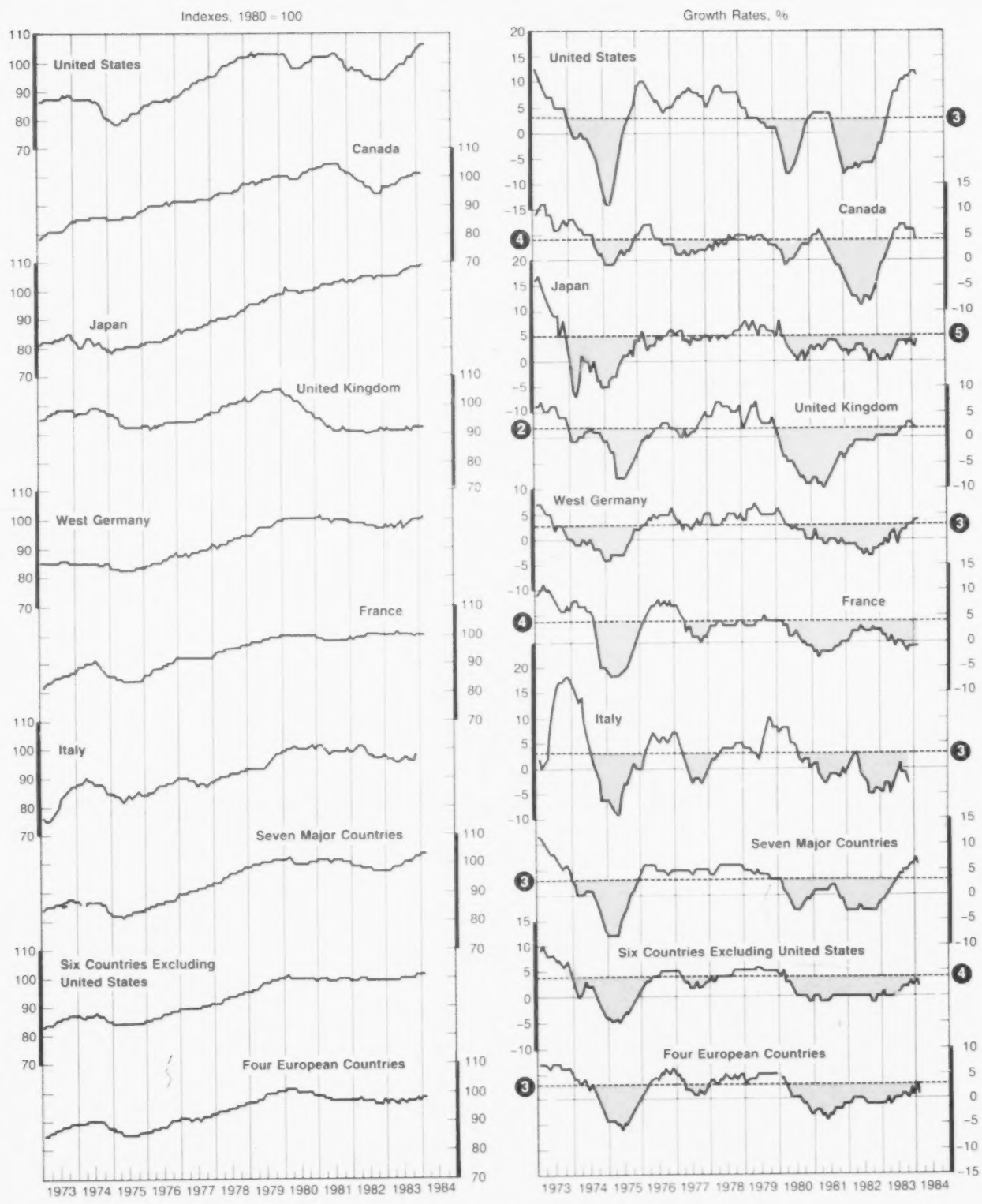
Where We're Headed



1984 The Conference Board, Inc.

Where We Are

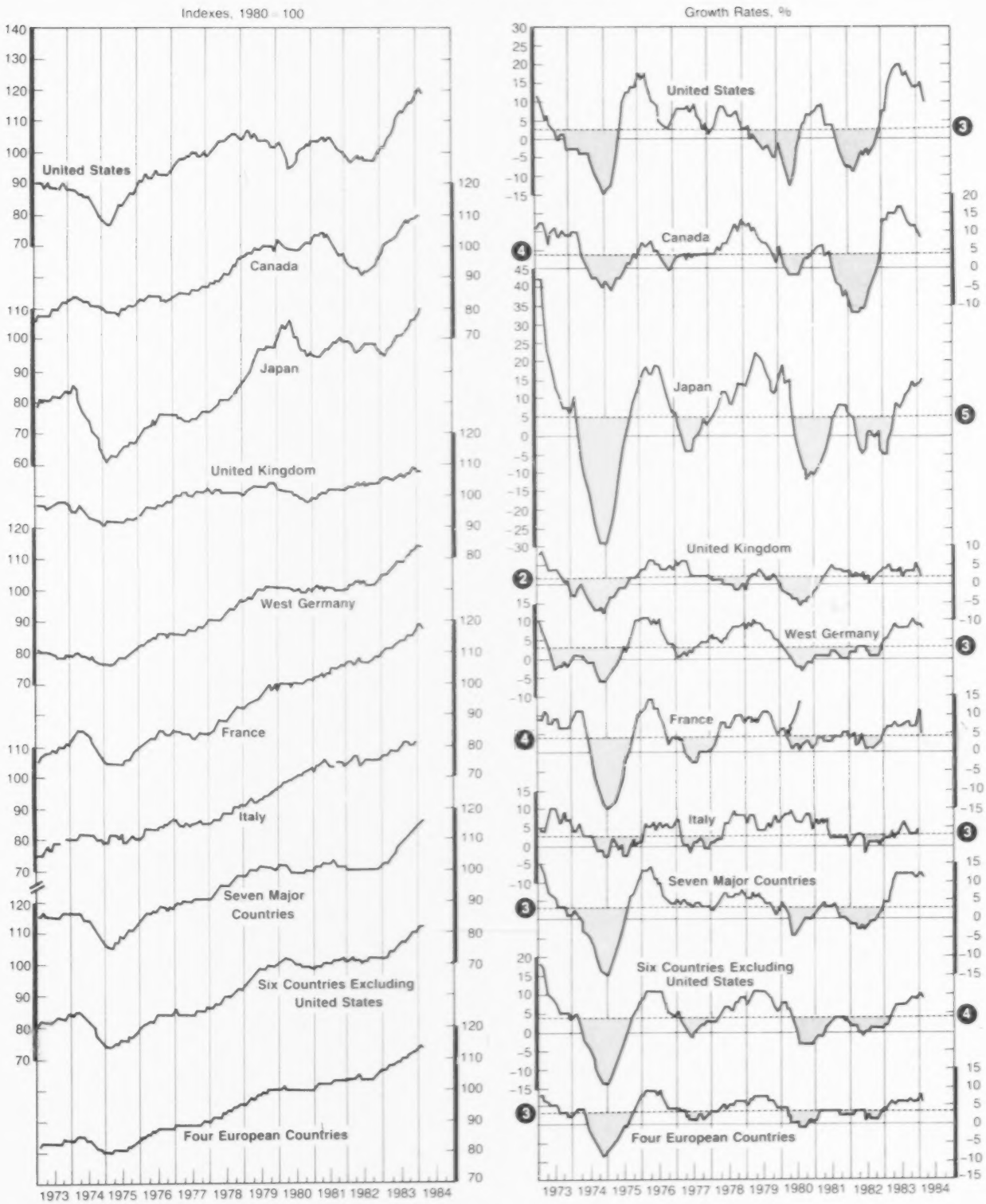
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

INDEXES, SEVEN COUNTRIES, 1982-83

		U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex. U.S.		4 Countries Europe	
		Indexes, 1980 = 100																			
		Perf.	Lead	Perf.	Lead	Perf.	Lead	Perf.	Lead	Perf.	Lead	Perf.	Lead	Perf.	Lead	Perf.	Lead	Perf.	Lead	Perf.	Lead
Dec.	82	94	100	94	96	105	96	91	104	97	104	100	108	97	106	97	101	99	102	97	106
Jan.	83	94	102	96	99	105	95	91	105	98	105	100	109	96	107	97	102	99	102	96	106
Feb.	83	94	102	96	100	105	94	91	106	97	105	100	111	96	107	97	102	99	102	97	107
Mar.	83	95	105	96	101	105	96	91	106	98	106	100	111	96	108	98	104	99	104	97	108
Apr.	83	96	107	97	102	105	97	91	105	97	107	100	111	95	108	98	105	99	104	96	108
May	83	97	109	97	103	105	99	91	106	98	109	101	112	95	108	98	107	99	106	97	109
June	83	98	112	98	104	105	101	91	106	99	109	100	112	96	109	99	108	100	106	97	109
July	83	99	113	99	106	106	101	91	107	97	109	100	113	96	110	100	109	100	107	96	110
Aug.	83	99	113	99	107	107	102	91	106	98	110	100	113	97	111	100	110	100	107	97	110
Sept.	83	101	114	100	109	107	103	92	107	99	111	100	115	96	111	100	111	100	108	97	111
Oct.	83	102	116	100	108	108	104	92	107	99	112	99	115	96	110	101	112	100	109	97	111
Nov.	83	102	116	100	109	108	106	93	107	100	113	100	115	98	110	102	112	101	110	98	112
Dec.	83	104	117	101	109	108	106	93	109	100	113	100	116		111	102	113	101	110	97	113
Jan.	84	105	118	101	110	108	108	92	108	100	114	100	119			103	115	101	112	98	114
Feb.	84	106	121	101	110	109	110	92	108	101	114	100	117			103	116	101	112	98	113
Mar.	84	106	119																		
		Growth Rates, Percent																			
Dec.	82	- 4	3	- 5	5	1	- 4	0	3	- 2	4	2	3	- 4	1	- 2	2	- 1	1	- 1	3
Jan.	83	- 2	7	- 2	11	0	- 5	0	4	- 1	5	2	5	- 5	2	- 1	4	- 1	2	- 1	4
Feb.	83	- 2	7	- 1	13	0	- 5	0	4	- 1	5	1	7	- 3	2	- 1	4	0	2	- 1	5
Mar.	83	0	11	0	13	0	- 1	0	5	0	6	1	7	- 3	4	0	7	0	4	0	6
Apr.	83	2	14	2	15	1	1	0	3	- 1	7	0	7	- 5	2	1	9	0	5	- 1	5
May	83	5	17	3	15	0	6	0	3	1	9	1	8	- 3	3	2	11	0	7	0	6
June	83	7	20	5	15	1	8	0	3	2	8	- 1	7	- 1	3	3	12	1	7	0	6
July	83	8	20	6	16	3	7	0	4	- 1	8	0	7	- 1	5	4	12	1	7	0	6
Aug.	83	8	18	6	17	4	8	1	2	1	8	0	6	1	6	4	12	2	7	1	6
Sept.	83	10	17	7	17	4	11	2	3	2	8	- 1	8	- 1	5	5	12	2	9	1	7
Oct.	83	10	18	7	12	4	12	2	3	2	9	- 2	8	- 1	3	5	12	2	8	0	6
Nov.	83	11	15	6	12	3	14	3	3	3	10	- 1	7	3	3	6	12	3	9	2	6
Dec.	83	11	14	6	11	4	13	3	5	3	9	- 1	7		4	6	11	2	9	1	7
Jan.	84	12	14	6	9	3	14	2	4	4	9	- 1	11			7	12	3	10	3	8
Feb.	84	12	15	4	8	4	15	2	2	4	8	- 1	5			6	11	2	9	1	6
Mar.	84	11	10																		
		Ten Year Annual Growth Rate, Percent																			
1969#79		3	3	4	4	5	5	2	2	3	3	4	4	3	3	3	3	4	4	3	3

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

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Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across The Board*, April 1980 and *Business Cycles, Inflation and Forecasting*, Ballinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however. Constant monitoring is needed to make effective use of the system and get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationry trends.

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A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

June, 1984

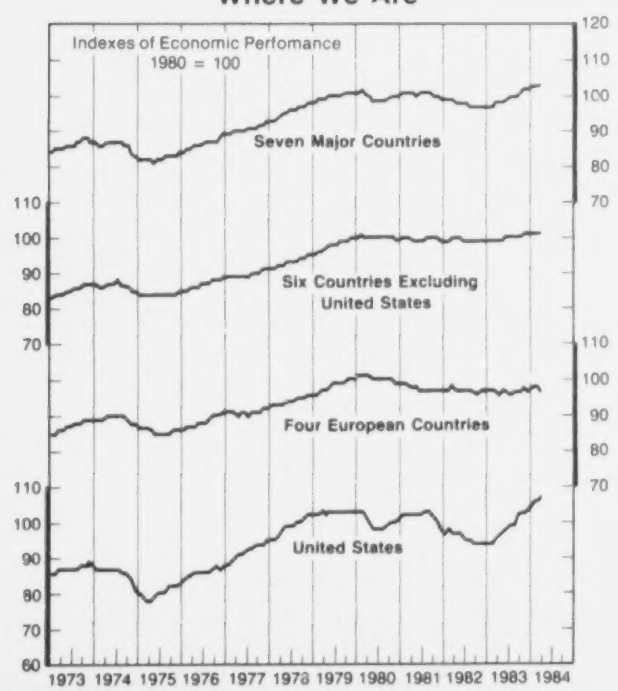
SUMMARY

The leading indicators show that the business cycle upswing is continuing in the major industrial countries around the world. In North America, the pace of expansion shows clear signs of slowing down. The April leading index for the United States is growing at a 9 percent rate, half of the 18 percent of six months earlier. In Canada, the latest growth rate is 6 percent, down from 16 percent. In Japan and Europe, the leading indicators are moving forward at a fairly steady rate. The latest reading for Japan is a 13 percent growth rate, up slightly from 6 months ago. In Europe, the composite leading index shows a 5 percent growth rate, little changed over the past half year. It is notable, however, that the composite economic performance index for Europe (unlike North America and Japan) shows that the improvement in the early-moving indicators has not yet been translated into a significant upswing in overall economic activity.

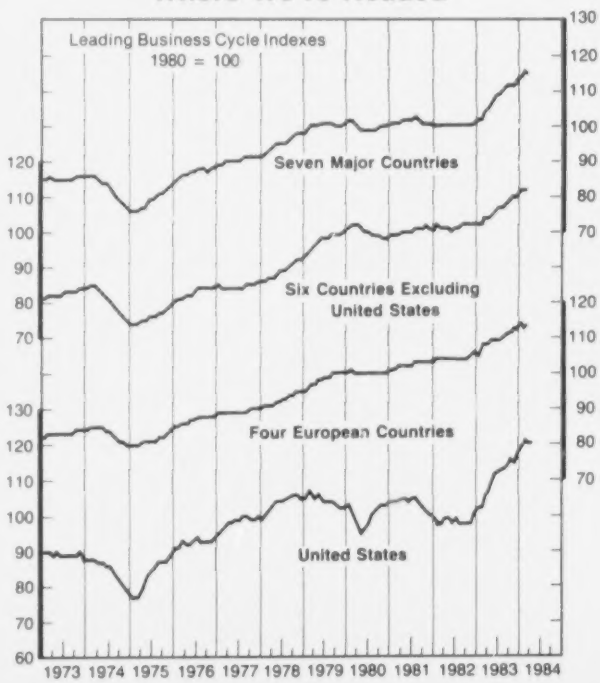
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1969-79	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
		annual rates, percent							
United States	3	11	13	10	18	14	9	Expansion continuing	Apr.
Canada	4	7	6	2	16	10	6	Expansion continuing	Mar.
Japan	5	3	4	3	11	13	13	Expansion continuing	Mar.
United Kingdom	2	2	4	1	3	5	4	Slow recovery under way	Mar.
West Germany	3	2	3	1	8	8	3	Slow recovery under way	Mar.
France	4	– 1	– 1	0	7	7	8	Leaders advancing; economy weak	Mar.
Italy	3	– 3	1	3	2	5	4	Leaders advancing; economy weak	Nov./Dec.
7 countries	3	5	6	5	12	11	9	Expansion continuing	Mar.
6 countries ex. U.S.	4	2	2	1	8	9	8	Slow recovery under way	Mar.
4 European countries	3	1	1	0	6	6	5	Slow recovery under way	Mar.
3 countries ex. Europe	4	8	9	8	15	14	11	Expansion continuing	Mar.

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are


Indexes of Economic Perfomance
1980 = 100
Seven Major Countries
Six Countries Excluding United States
Four European Countries
United States
1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

Where We're Headed


Leading Business Cycle Indexes
1980 = 100
Seven Major Countries
Six Countries Excluding United States
Four European Countries
United States
1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

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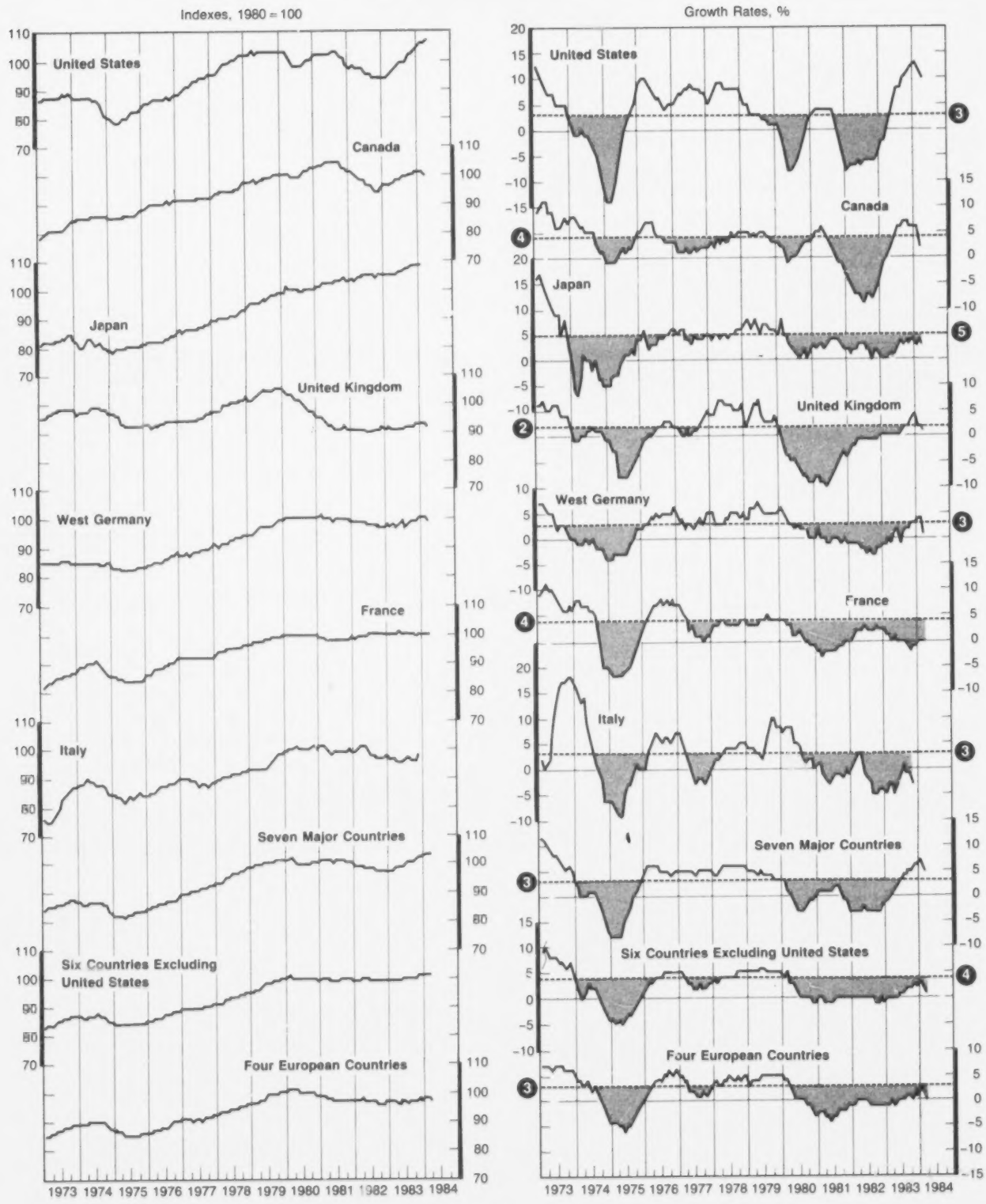
Where We Are

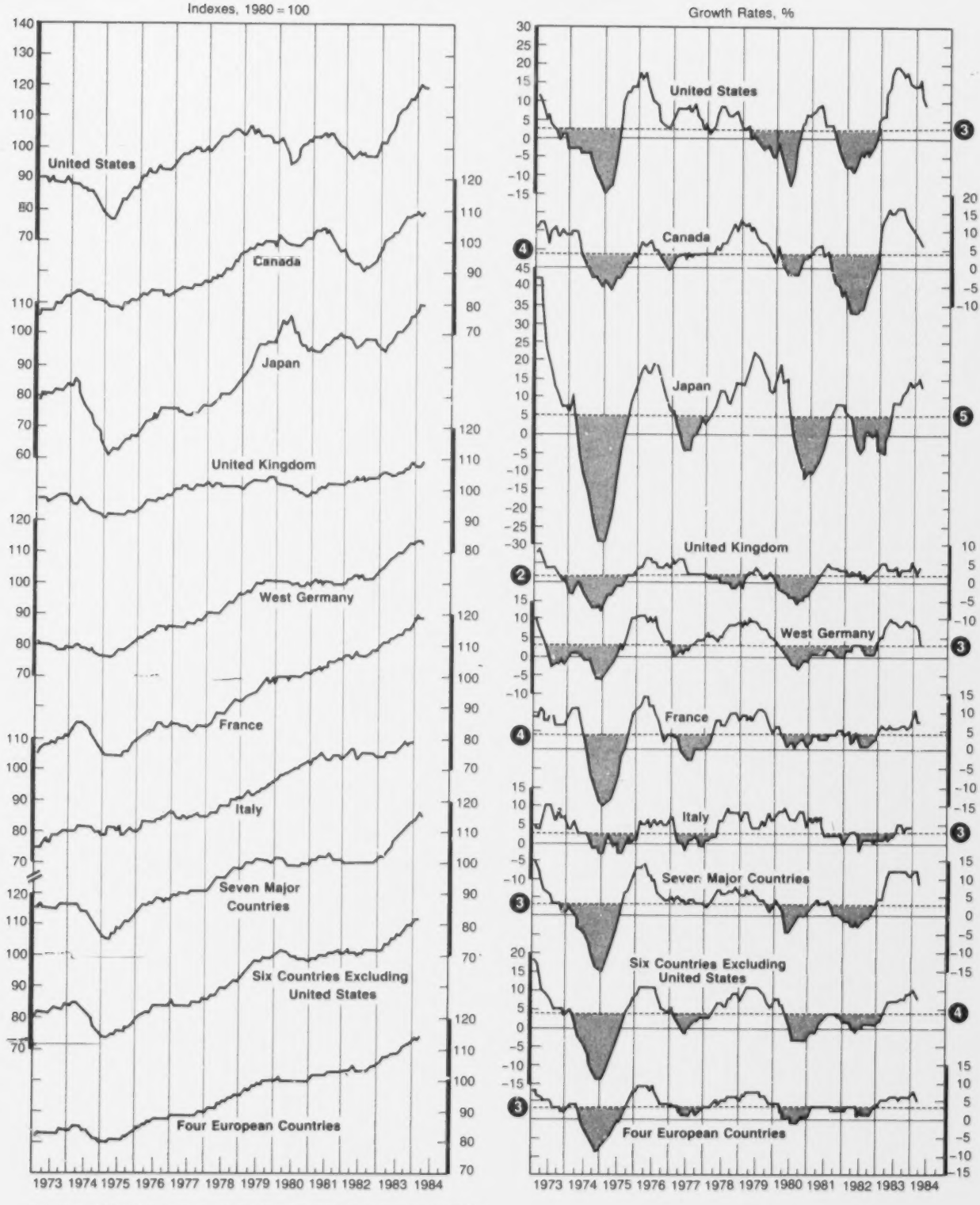
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

PROSPECTS FOR SLACKENING IMPORT GROWTH, SPEEDIER EXPORT GROWTH

The U.S. trade balance (including both goods and services) deteriorated sharply during the past year. From a modest surplus of $17 billion (annual rate) in the first quarter of 1983, the trade balance moved into a deficit position, which became progressively larger, reaching a negative $48 billion rate in the first quarter of 1984. Both imports and exports increased during the period, but imports rose faster, 31%, while exports rose only 10%. Both of these figures were lifted somewhat by inflation; in volume terms imports rose 30%, exports, 5%.

Even more dramatic have been the changes in the U.S. trade position with respect to autos and other capital equipment. For these goods, import volume rose 49% between I/1983 and I/1984 and export volume rose 6%. In I/1983 the U.S. was a modest net exporter of capital goods and autos; by I/1984, a major net importer.

Changes in external deficits are often analyzed by focusing on the growth of economic activity at home and abroad and changes in foreign exchange rates. The cyclical behavior of the U.S. and foreign economies contributed importantly to the widening of the U.S. trade deficit last year. The relatively rapid expansion of the U.S. economy stimulated U.S. imports. The continued sluggishness in most of the other countries held back the growth of U.S. exports. In addition, the substantial appreciation of the dollar worked in the same direction, making imports relatively cheap and exports expensive.

The cyclical situation, however, seems about to change, with a slackening growth in the volume of U.S. imports and a speedup of export growth. A deterioration in the U.S. trade position is customary during the first year of an economic recovery, but during the second and third years import growth has customarily declined while export growth has typically increased. Judging from the Scoreboard's leading indexes, this transition is about to begin. The growth rate in the U.S. leading index, which anticipates movements in import growth, has been declining since last summer. The growth rate in the composite leading index for the six major industrial countries other than the U.S., which foreshadows growth in U.S. exports, has been rising steadily for more than a year.

The accompanying charts of cyclical recovery patterns display these past and prospective relationships. The latest growth rate for import volume, at 33% in the first quarter at an annual rate, was more than twice as high as the average rate at the same stage of previous recoveries. In fact, it was the highest growth rate for imports since 1950. The growth rate of exports in the first quarter, at 7%, was slower than at the same stage of any of the six recoveries and only about half as high as average. The unusually sharp rise in the dollar exchange rate was doubtless partly responsible for both the rapid growth of imports and the slow growth of exports.

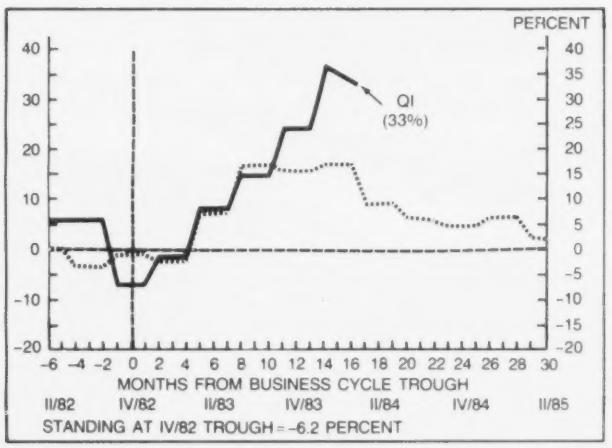
From here on, however, past recovery experience and the recent behavior of the leading indexes suggest that exports will do better and imports not so well. Any depreciation in the exchange value of the dollar would reinforce the movements in this direction, although with a lag. By the end of the year it would not be surprising to see U.S. export volume growing faster than import volume. The leading indexes have virtually reached that point already, with the U.S. index growth rate having slowed to 9% in April, whereas the six-country index growth rate was 8% in March.

Another significant harbinger of export growth, especially in the capital goods area, is foreign orders for machine tools. In the first five months of 1984 new orders from foreign sources for U.S.-made cutting and forming tools were up 178% from a year earlier, according to the National Machine Tool Builders Association. Domestic orders were up 100%. A year ago, of course, orders were at a very depressed level, but the sharp rebound in foreign orders means that the recession's impact on U.S. exports is abating.

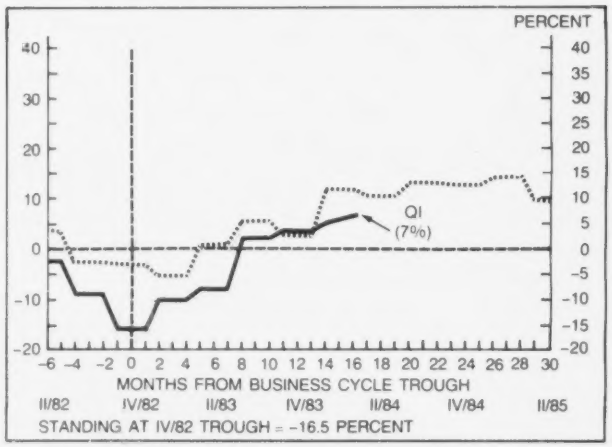
RECOVERY PATTERNS: LEADING INDEXES, U.S. IMPORTS AND EXPORTS

Current expansion (from November 1981)
Average, six previous expansions (1949-80)

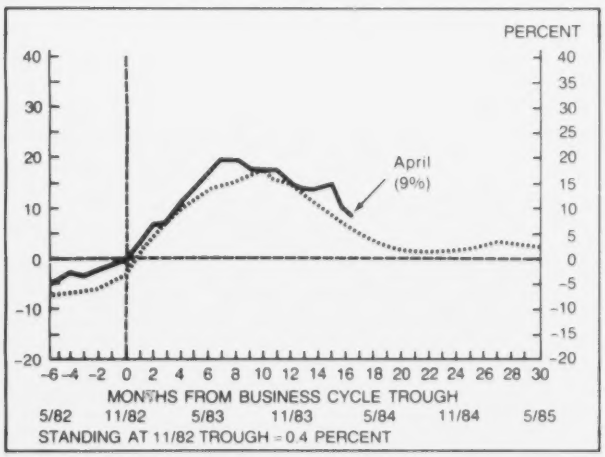
U.S. IMPORT VOLUME, GROWTH RATE



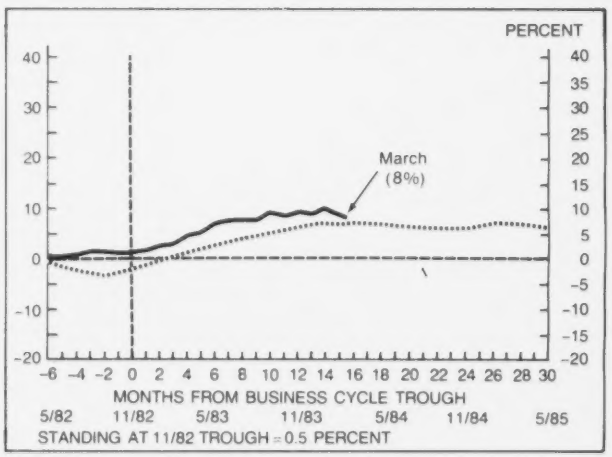
U.S. EXPORT VOLUME, GROWTH RATE



U.S. LEADING INDEX, GROWTH RATE



SIX-COUNTRY LEADING INDEX, GROWTH RATE



Note: Growth rates are six-month smoothed or two-quarter smoothed rates, expressed at annual rate. Trade data are from the U.S. Department of Commerce gross national product accounts, expressed in 1972 dollars, and include both goods and services.

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INDEXES, SEVEN COUNTRIES, 1982-83

	U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex. U.S.		4 Countries Europe	
	Indexes, 1980 = 100																			
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Dec. 82	94	101	95	96	105	96	91	104	97	104	100	108	97	105	97	101	99	102	97	105
Jan. 83	94	102	96	99	105	95	91	105	98	105	100	109	96	105	97	102	99	102	97	106
Feb. 83	94	102	96	100	105	94	91	106	97	106	100	111	96	105	97	102	99	102	97	107
Mar. 83	95	105	96	101	105	96	91	106	98	107	100	111	96	106	98	104	99	104	97	108
Apr. 83	96	107	97	103	105	97	91	105	97	108	100	112	95	106	98	105	99	104	96	108
May 83	97	109	98	103	105	99	91	106	98	109	101	112	95	106	98	107	99	105	97	109
June 83	98	111	98	104	106	101	91	106	99	109	100	112	96	106	99	108	100	106	97	109
July 83	99	112	99	106	106	101	91	106	97	110	100	113	96	107	100	109	100	107	96	109
Aug. 83	99	113	99	107	107	102	92	106	98	110	100	113	97	108	100	110	100	107	97	110
Sept. 83	101	114	100	108	107	103	92	107	99	109	100	115	96	109	100	111	100	108	97	111
Oct. 83	102	116	100	108	108	104	92	107	99	112	99	115	96	108	101	112	100	109	97	111
Nov. 83	103	116	100	109	108	106	93	107	99	113	100	115	98	109	102	112	101	110	98	112
Dec. 83	104	117	101	109	108	106	93	109	100	113	100	117		109	102	113	101	110	97	112
Jan. 84	105	119	101	110	108	108	93	108	100	114	100	120			103	114	101	112	98	114
Feb. 84	106	121	101	109	108	110	93	108	100	114	100	119			103	116	101	112	98	113
Mar. 84	106	120	100	110	108	110	92	109	99	113	100	119			103	115	101	112	97	114
Apr. 84	107	120																		
	Growth Rates, Percent																			
Dec. 82	- 4	5	- 5	5	1	- 4	0	3	- 2	4	2	3	- 4	1	- 2	3	- 1	1	- 1	3
Jan. 83	- 2	6	- 2	11	0	- 4	0	4	- 1	5	2	4	- 5	1	- 1	4	- 0	2	- 1	4
Feb. 83	- 2	6	- 1	13	0	- 5	0	5	- 1	- 5	1	7	- 4	1	- 1	4	0	2	- 1	5
Mar. 83	0	12	1	14	0	- 1	0	5	0	7	1	6	- 3	2	0	7	0	4	0	5
Apr. 83	2	14	2	16	1	1	0	3	- 1	8	0	6	- 5	1	1	9	0	5	- 1	5
May 83	5	17	4	15	1	6	0	3	1	10	1	7	- 3	2	2	11	1	7	0	6
June 83	7	19	5	15	1	8	0	3	2	9	0	6	- 1	2	3	12	1	7	0	6
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Apr. 84	10	9																		
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A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

July, 1984

SUMMARY

The leading indicators continue to give a positive reading on the prospects for economic expansion in the seven major industrial countries. Japan's leading index in April recorded a faster growth rate, 12%, than any of the other countries. For the United States and Canada the indexes are saying slower growth ahead. Their most recent growth rates, at 7%, are about half what they were six months ago. The leading indexes for France, West Germany, and Italy show advances in the 5 to 7% range, while the United Kingdom turned in a slow 2% growth rate in April. The composite indexes of economic performance, which include measures of output and employment, are now rising more slowly in the U.S. and Canada than they were six months ago, but more rapidly in Japan. For Europe, modest upswings in the performance indexes are under way except in France, where the index has remained steady in recent months.

	Ten-year Growth Rate 1969-79	Indexes of Economic Performance Growth Rates* 6 mos. ago	3 mos. ago	Latest month	Leading Business Cycle Indexes Growth Rates* 6 mos. ago	3 mos. ago	Latest month	Current Reading on the Cycle	Latest Month Covered
		annual rates, percent							
United States	3	12	11	11	15	16	7	Expansion continuing	June/May
Canada	4	7	5	3	13	9	7	Expansion continuing	Apr.
Japan	5	4	4	5	12	12	12	Expansion continuing	Apr.
United Kingdom	2	2	2	2	3	3	2	Slow recovery under way	Apr.
West Germany	3	2	5	3	9	10	5	Slow recovery under way	Apr.
France	4	– 2	0	–1	7	12	7	Leaders advancing; economy weak	Apr.
Italy	3	– 3	1	3	3	3	6	Leaders advancing; economy weak	Nov./Jan.
7 countries	3	6	7	6	12	12	8	Expansion continuing	Apr.
6 countries ex. U.S.	4	2	3	2	8	9	7	Slow recovery under way	Apr.
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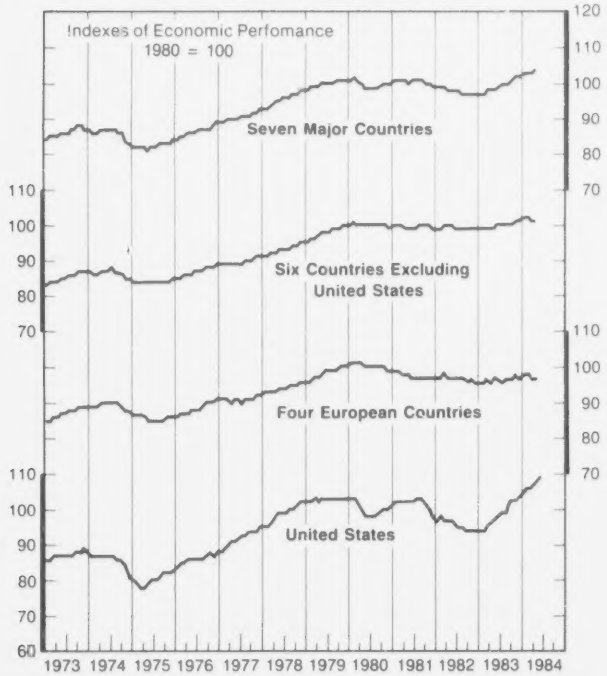
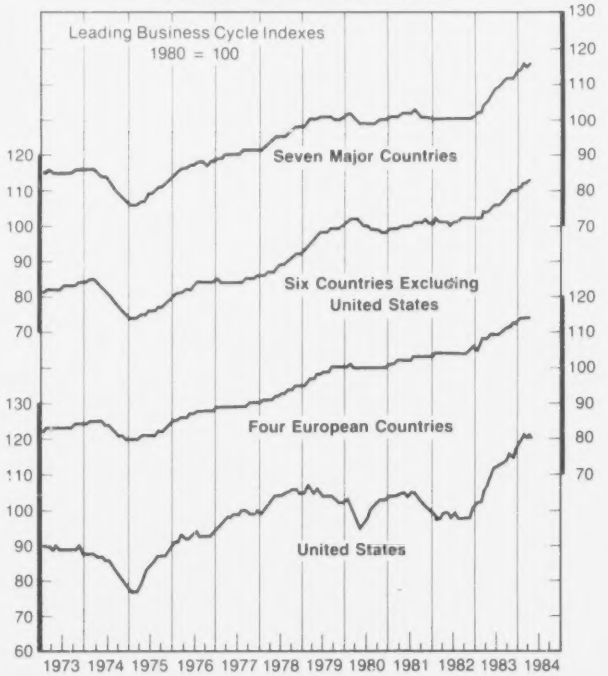
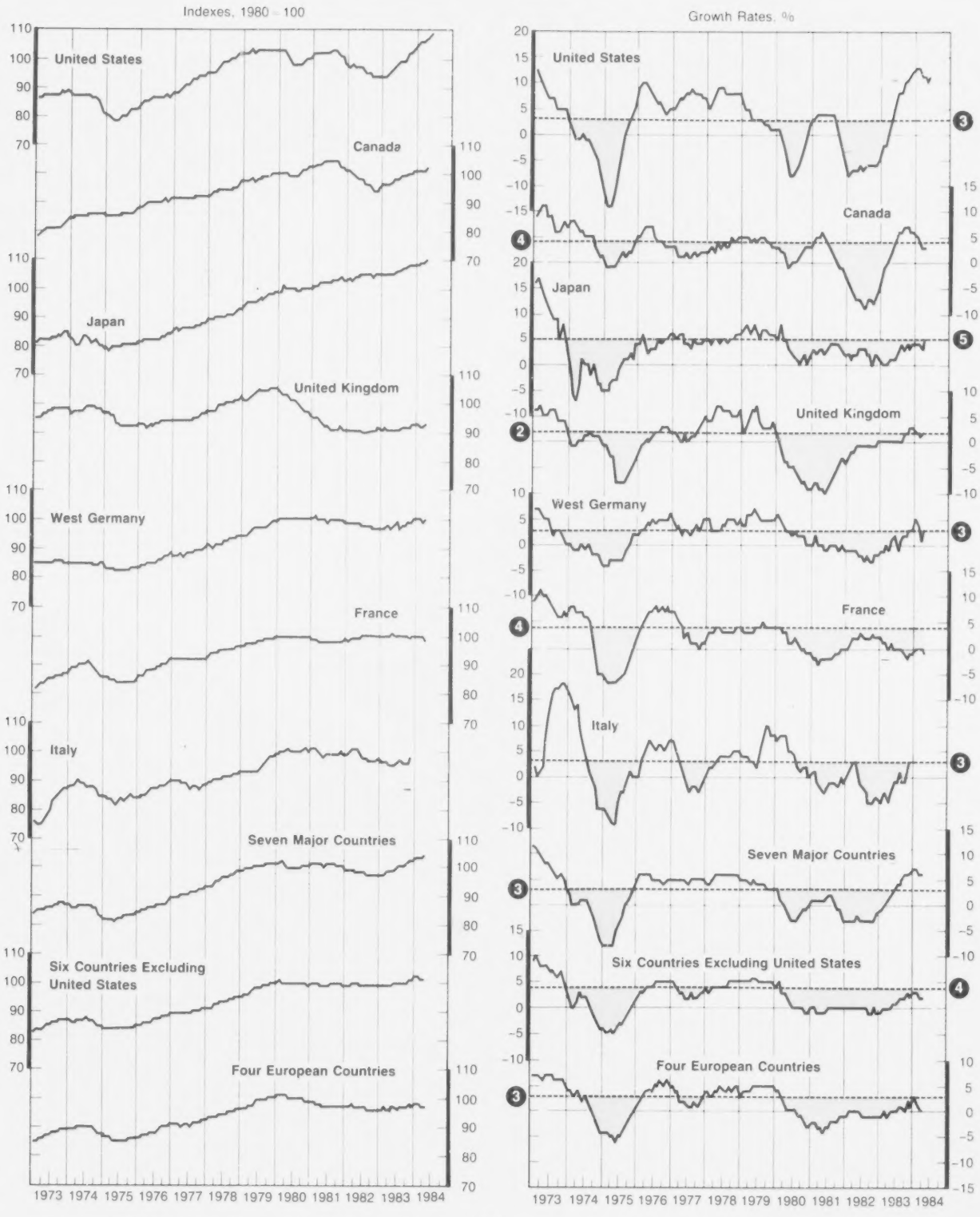


Where We're Headed



Where We Are

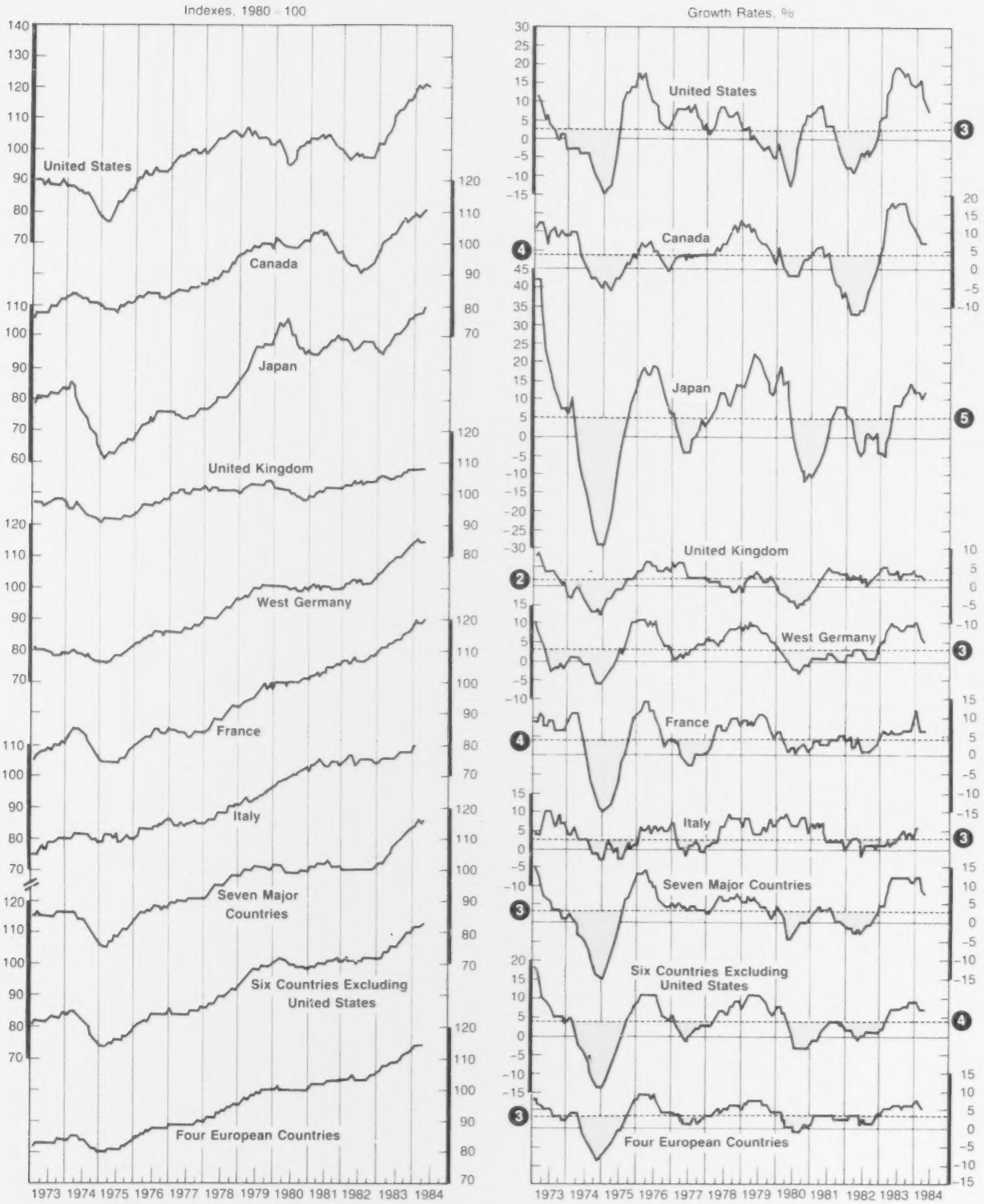
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



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Source: The Conference Board

INDEXES, SEVEN COUNTRIES, 1982-83

		U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex. U.S.		4 Countries Europe	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Dec.	82	94	101	95	95	105	96	91	104	97	104	100	108	97	105	97	101	99	102	96	105
Jan.	83	94	102	96	98	105	95	91	105	97	105	100	109	96	105	97	102	99	102	96	106
Feb.	83	94	102	96	100	105	94	91	106	97	105	100	111	96	106	97	102	99	102	96	107
Mar.	83	95	105	97	101	105	96	91	106	98	107	100	111	96	106	98	104	99	104	97	108
Apr.	83	96	107	97	102	105	97	91	105	97	108	100	112	95	106	98	105	99	104	96	108
May	83	97	109	98	103	105	99	91	106	98	109	101	112	95	106	98	107	99	105	97	109
June	83	98	111	99	104	106	101	91	106	98	109	100	112	96	106	99	108	100	106	97	109
July	83	99	112	99	105	106	101	91	106	97	110	100	113	96	107	100	109	100	106	96	109
Aug.	83	99	113	100	107	107	102	92	106	98	110	100	113	97	108	100	110	100	107	97	110
Sept.	83	101	114	100	108	107	103	92	107	98	111	100	115	96	108	100	111	100	108	97	111
Oct.	83	102	116	101	107	108	104	92	107	99	112	99	115	96	108	101	112	100	109	97	111
Nov.	83	103	116	101	108	108	106	93	107	99	113	100	116	98	108	102	112	101	110	98	112
Dec.	83	104	117	101	109	108	106	93	108	100	114	100	117		108	102	113	101	110	97	112
Jan.	84	105	119	101	110	108	107	93	108	100	115	100	120		110	103	114	102	111	98	114
Feb.	84	106	121	101	109	109	108	92	108	100	116	100	119			103	116	102	112	98	114
Mar.	84	106	120	101	110	109	108	92	108	99	115	100	119			103	115	101	112	97	114
Apr.	84	107	121	102	111	110	110	93	108	100	115	98	120			104	116	101	113	97	114
May	84	108	120																		
June	84	109																			
		Growth Rates, Percent																			
Dec.	82	–4	5	–5	6	1	–4	0	3	–2	4	2	3	–4	1	–2	3	–1	1	–1	3
Jan.	83	–2	6	–2	13	0	–4	0	4	–1	5	2	4	–5	1	–1	4	–1	2	–1	4
Feb.	83	–2	6	–1	16	0	–5	0	5	–1	5	1	7	–4	1	–1	4	0	2	–1	5
Mar.	83	0	12	1	17	0	–1	0	5	0	7	1	6	–3	2	0	7	0	4	0	5
Apr.	83	2	14	2	18	1	1	0	3	–1	8	0	6	–5	1	1	9	0	5	–1	5
May	83	5	17	4	17	1	6	0	3	1	10	1	7	–3	2	2	11	0	7	0	6
June	83	7	19	5	18	1	8	0	3	2	9	0	6	–1	2	3	12	1	7	0	6
July	83	8	19	6	18	3	8	0	4	–1	9	0	6	–1	3	4	12	1	7	0	6
Aug.	83	8	18	6	18	4	8	1	2	1	8	0	6	1	4	4	12	2	7	1	5
Sept.	83	10	17	7	17	3	11	2	3	2	8	–1	7	–1	5	5	12	2	8	1	6
Oct.	83	11	18	7	13	4	12	2	3	2	9	–2	7	–1	3	6	12	2	8	1	6
Nov.	83	11	15	6	12	3	14	3	3	3	9	–1	7	3	4	6	11	3	9	2	6
Dec.	83	12	14	6	10	4	12	3	4	3	9	–1	8		3	6	11	2	9	1	7
Jan.	84	13	15	5	9	4	12	2	3	5	10	0	12		6	7	12	3	9	3	8
Feb.	84	13	16	4	7	4	12	2	3	4	9	0	8			7	12	3	8	2	7
Mar.	84	11	11	3	7	3	10	1	3	1	6	0	7			6	9	2	7	1	6
Apr.	84	11	10	3	7	5	12	2	2	3	5	-	7			6	8	2	7	0	5
May	84	10	7																		
June	84	11																			
		Ten Year Annual Growth Rate, Percent																			
1969–79		3	3	4	4	5	5	2	2	3	3	4	4	3	3	3	3	4	4	3	3

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

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A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

AUGUST, 1984

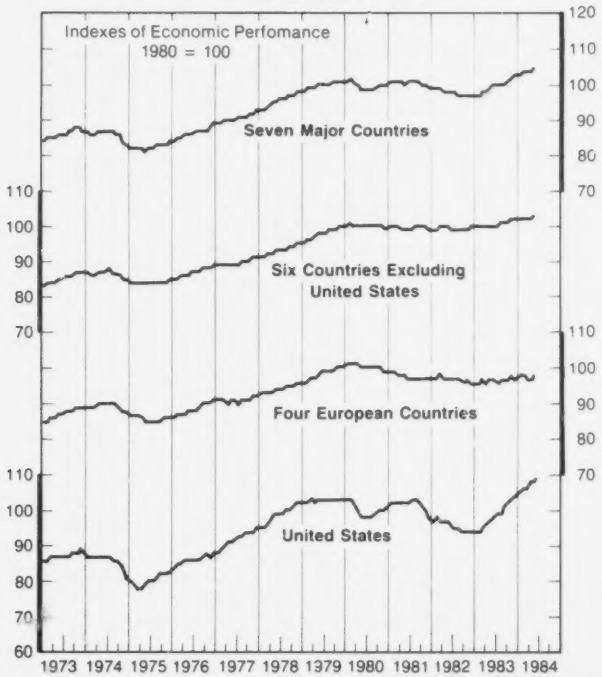
SUMMARY

For the first time in the current economic upswing, the composite leading index for the six major industrial countries outside the United States is rising faster than the U.S. leading index. The U.S. rate has slowed to 5% while the six-country rate is 7%. Japan, with an 11% growth rate, is the front-runner, and the leading indexes for France, West Germany and Italy are also rising faster than the U.S. index. Canada's index is climbing at the same pace as the U.S. Only the United Kingdom's 2% is slower. The economic performance indexes are rising slowly except in the U.S., where the slowdown in the leading index has yet to put much of a damper on the performance index.

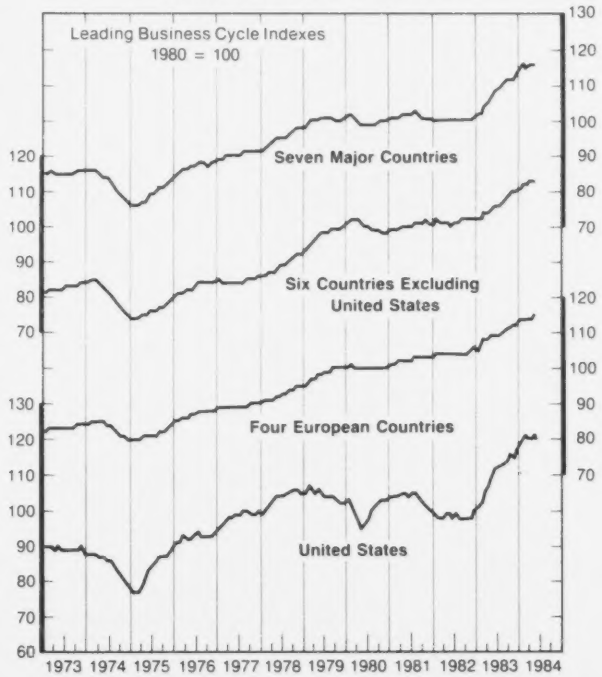
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1969-79	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
		annual rates, percent							
United States	3	12	11	11	15	11	5	Expansion continuing	June
Canada	4	6	4	2	12	7	5	Expansion continuing	May
Japan	5	4	5	4	14	12	11	Expansion continuing	May
United Kingdom	2	3	2	0	3	3	2	Slow recovery under way	May
West Germany	3	3	5	3	9	9	6	Recovery under way	May
France	4	– 1	–1	1	7	9	7	Slow recovery under way	May
Italy	3	1	3	3	5	3	6	Recovery under way	Feb./Mar.
7 countries	3	6	7	6	12	12	8	Expansion continuing	May
6 countries ex. U.S.	4	3	3	3	9	9	7	Recovery under way	May
4 European countries	3	2	2	2	6	7	5	Slow recovery under way	May
3 countries ex. Europe	4	8	10	9	15	15	9	Expansion continuing	May

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are


Indexes of Economic Perfomance
1980 = 100
Seven Major Countries
Six Countries Excluding United States
Four European Countries
United States
1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

Where We're Headed


Leading Business Cycle Indexes
1980 = 100
Seven Major Countries
Six Countries Excluding United States
Four European Countries
United States
1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

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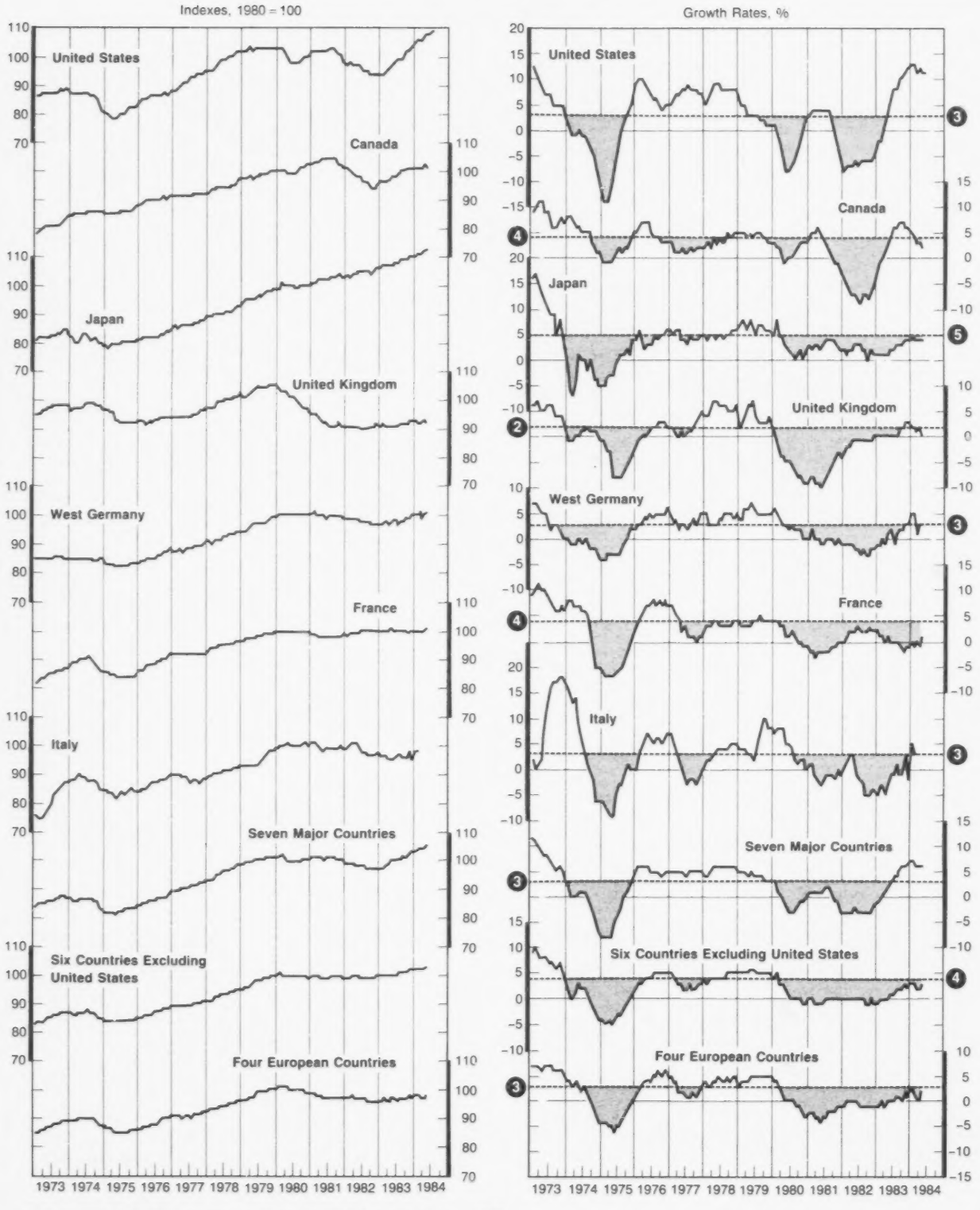
Where We Are

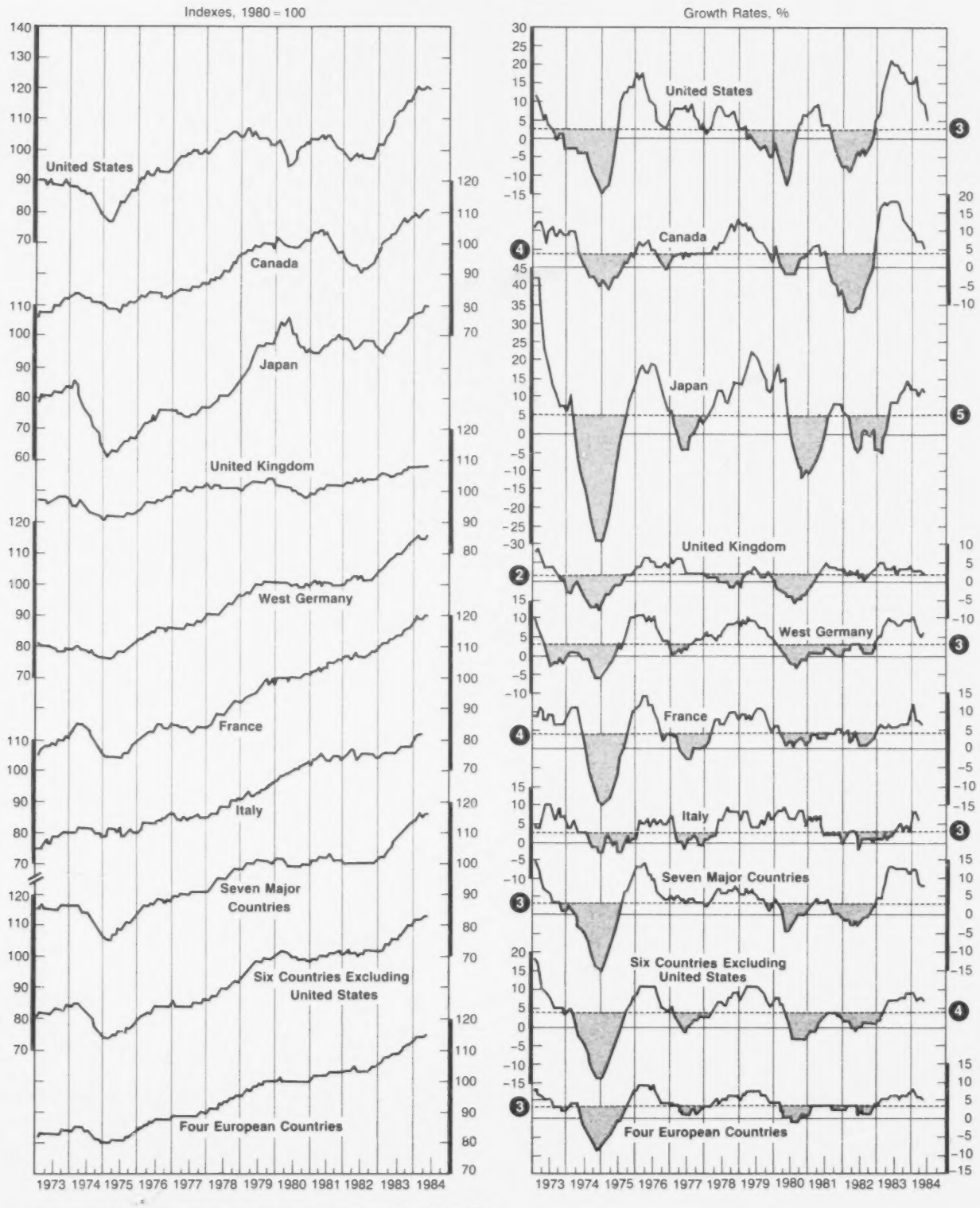
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

NEW INDEXES FOR AUSTRALIA

New business-cycle measures have been compiled for Australia, comparable to the leading indexes and economic performance indexes for the seven largest industrial countries regularly reported in the *Scoreboard*. The recent behavior of these series shows that a cyclical recovery got under way "down under" in May 1983. Measured by both the leading and performance indexes, this recovery has been quite vigorous. As the chart shows, it has been more rapid than the average of four previous Australian recoveries. In addition the indexes have been rising faster than in any of the seven countries (see table below and on first page). Recent growth rates of the leading index, moreover, suggest that further expansion of the Australian economy lies ahead.

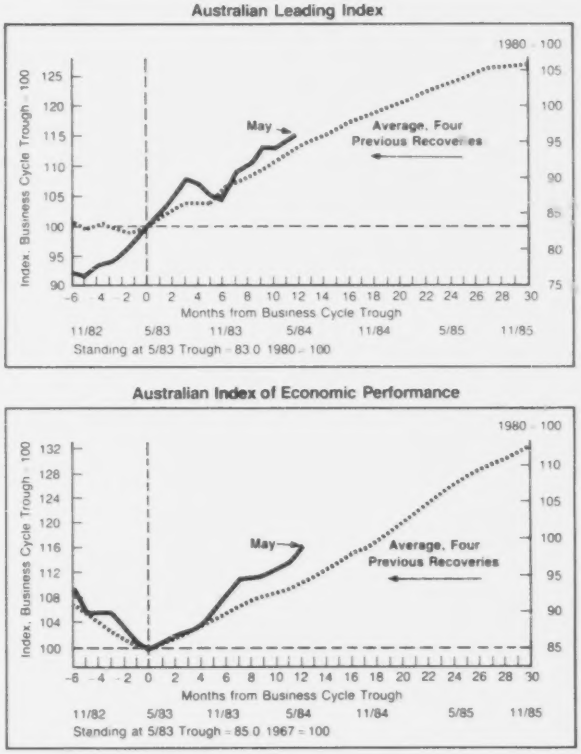
	Ten-year Growth Rates 1969–1979	*Six Months Ago*	*Three Months Ago*	*Latest Month*	*Latest Month Covered*
		Annual growth rates, percent			
Leading Indexes					
Australia	4	9	18	15	May
Seven countries	3	12	12	8	May
Economic Performance Indexes					
Australia	4	8	12	17	May
Seven countries	3	6	7	6	May

AUSTRALIAN INDEXES AND GROWTH RATES

	Indexes (1980 = 100)		*Growth Rates (%, Annual Rate)*	
	Economic Performance	*Leading*	*Economic Performance*	*Leading*
1982				
Jan.	108	89	0	–19
Feb.	106	85	– 2	–25
Mar.	106	84	– 3	–24
Apr.	106	83	– 3	–23
May	105	83	– 4	–22
June	104	80	– 5	–24
July	102	78	– 8	–25
Aug.	100	76	–11	–26
Sept.	98	76	–13	–22
Oct.	97	76	–13	–18
Nov.	93	76	–18	–15
Dec.	89	76	–22	–12
1983				
Jan.	90	78	–20	– 6
Feb.	90	78	–18	– 3
Mar.	88	79	–19	1
Apr.	86	81	–20	7
May	84	83	–21	13
June	85	85	–15	15
July	87	87	–10	20
Aug.	87	90	– 7	25
Sept.	88	89	– 3	21
Oct.	90	88	4	14
Nov.	92	86	8	9
Dec.	94	90	13	15
1984				
Jan.	94	91	13	15
Feb.	94	94	12	18
Mar.	96	94	16	16
Apr.	97	95	16	14
May	99	96	17	15

Source: Center for International Business Cycle Research, Columbia Business School

Patterns of the Current and Previous Recoveries, Australia


Australian Leading Index
1980 = 100
Index, Business Cycle Trough = 100
May
Average, Four Previous Recoveries
Months from Business Cycle Trough
11/82 5/83 11/83 5/84 11/84 5/85 11/85
Standing at 5/83 Trough = 83.0 1980 = 100
Australian Index of Economic Performance
1980 = 100
Index, Business Cycle Trough = 100
May
Average, Four Previous Recoveries
Months from Business Cycle Trough
11/82 5/83 11/83 5/84 11/84 5/85 11/85
Standing at 5/83 Trough = 85.0 1967 = 100

Source: Center for International Business Cycle Research, Columbia Business School

Australia's recovery started some six months after recovery began in the United States and at about the same time as recoveries began in Japan and the United Kingdom. These are the three countries—the first two especially in recent years—with the closest links to Australia's trade and financial markets.

The second table lists the individual leading indicators that are combined into the composite leading indexes for Australia and its three big trading partners, showing for each series the average lead time, in months, in advance of economic downturns and upturns. These indicators represent commitments currently being made with respect to future activity—such as applications for building permits to construct housing—or they are factors that influence such commitments. That is why the leaders anticipate movements in the economy's output, trade, income and employment.

As in the case of other countries, some of the Australian indicators are only roughly equivalent to those for the United States. Factory overtime is used in place of the average workweek, net demand for new telephone service in place of net business formation, and change in overdraft limits outstanding in place of change in consumer installment credit. There are also three gaps where no series is available. Nevertheless, as the table shows, the typical lead times for Australia closely resemble those for the other countries. Hence the leading index for Australia, constructed from the nine series, has given reliable early warning signals of recession and recovery since 1949, and is closely comparable with the indexes for other countries reported in the *Scoreboard*.

In view of the encouraging results of the study of Australian indicators (recently completed by Professor Ernst Boehm of Melbourne University while a visiting scholar at the Center for International Business Cycle Research), the Center expects to complete arrangements soon to keep the figures up to date and report them regularly in the *Scoreboard*.

MEDIAN LEADS AND LAGS OF LEADING INDICATORS AT GROWTH CYCLE PEAKS AND TROUGHS, FOUR COUNTRIES

Indicator: U.S. Title	*Australia*	*United States*	*Japan*	*United Kingdom*
		Lead (–) or lag (+), in months		
Average workweek, manufacturing	– 3	– 2	– 4	– 2
New unemployment claims	NA	– 2	NA	NA
New orders, consumer goods	NA	– 2	NA	NA
Formation of business enterprises	– 8	– 4	–13	– 8
Contracts and orders, plant and equipment	– 1	– 2	– 4	– 3
Building permits, housing	– 6	– 7	– 9	–11
Change in business inventories	NA	– 1	– 2	– 5
Change in industrial materials prices	– 2	– 4	– 7	+ 3
Stock price index	– 6	– 4	– 6	– 8
Profits	– 2	– 2	–10	– 3
Ratio, price to unit labor cost	–12	– 7	– 2	–12
Change in consumer debt	– 8	– 6	– 9	–16
Composite leading index	– 4	– 2	– 4	– 6

Source: Center for International Business Cycle Research, Columbia Business School

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INDEXES, SEVEN COUNTRIES, 1982-83

		U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex. U.S.		4 Countries Europe	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
Dec.	82	94	100	95	95	106	96	91	104	97	104	100	108	97	105	97	101	100	102	96	105
Jan.	83	94	101	96	98	106	95	91	105	97	105	100	109	96	105	97	102	100	102	96	106
Feb.	83	94	102	96	100	107	94	91	106	97	105	100	111	96	106	97	102	100	102	96	107
Mar.	83	95	105	97	101	107	96	91	106	98	107	100	111	96	106	98	104	100	104	97	108
Apr.	83	96	107	97	102	107	97	91	105	97	108	100	112	95	106	98	105	100	104	96	108
May	83	97	109	98	103	107	99	91	106	98	109	101	112	95	106	99	107	100	105	97	109
June	83	98	111	99	104	108	101	91	106	98	109	100	112	96	106	100	108	100	106	97	109
July	83	99	112	99	105	108	101	91	106	97	110	100	113	96	107	100	109	100	106	96	109
Aug.	83	99	113	100	107	109	102	92	106	98	110	100	113	97	108	100	110	101	107	97	110
Sept.	83	101	114	100	108	109	103	92	107	98	111	100	115	96	108	101	111	101	108	97	111
Oct.	83	102	116	101	107	109	104	92	107	99	112	99	115	96	108	101	112	101	109	97	111
Nov.	83	103	116	101	108	110	106	93	107	99	113	100	116	98	108	102	112	102	110	98	112
Dec.	83	104	117	101	109	110	106	93	108	100	114	100	117	95	108	103	113	102	110	97	112
Jan.	84	105	119	101	110	110	107	93	108	100	115	100	120	98	111	103	115	102	111	98	114
Feb.	84	106	121	101	109	111	108	92	108	101	116	100	119	98	112	104	116	102	112	98	114
Mar.	84	106	120	101	110	111	108	92	109	99	115	100	119		112	104	115	102	112	97	114
Apr.	84	108	120	102	111	112	110	93	108	100	115	100	120			104	116	102	113	97	114
May	84	108	121	101	111	112	110	92	108	100	116	101	120			105	116	103	113	98	115
June	84	109	120																		
		Growth Rates, Percent																			
Dec.	82	-4	5	-5	6	1	-4	0	3	-2	4	2	3	-4	1	-2	3	0	1	-1	3
Jan.	83	-2	6	-2	13	1	-4	0	4	-1	5	2	4	-5	1	-1	4	0	2	-1	4
Feb.	83	-2	7	-1	16	1	-5	0	5	-1	5	1	7	-4	1	-1	4	0	2	-1	5
Mar.	83	0	13	1	17	1	-1	0	5	0	7	1	6	-3	2	0	8	0	4	0	5
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Apr.	84	12	10	3	7	4	12	2	3	3	5	-1	8			6	8	2	8	0	6
May	84	11	9	2	5	4	11	0	2	3	6	1	7			6	8	3	7	2	5
June	84	11	5																		
		Ten Year Annual Growth Rate, Percent																			
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A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

SEPTEMBER, 1984

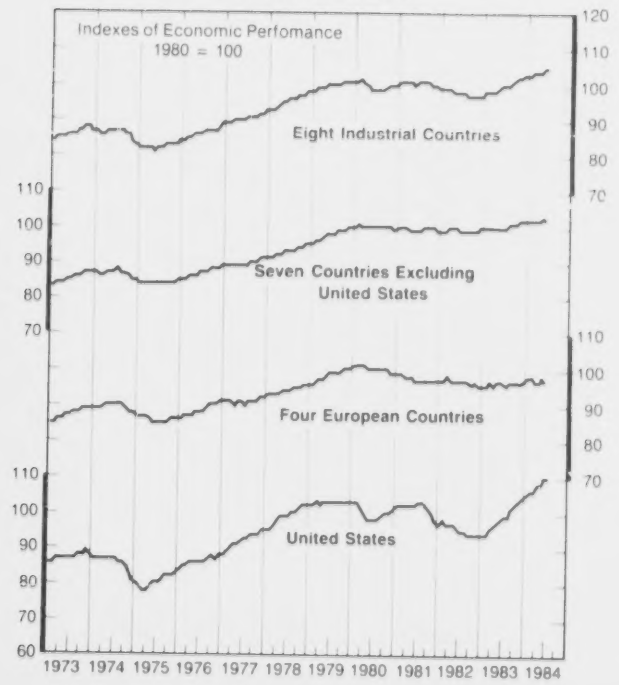
SUMMARY

In most of the major industrial countries, the current expansion is showing signs of slowing down. The most pronounced slowing is in the United States, where the growth rate of the leading index is down to 2%, only half that for the other seven countries combined. Japan continues to show the most rapid growth in its leading index (8%) though it, too, is down considerably from its high. The only country with a leading index that is underperforming the U.S. is the United Kingdom, where the business-cycle recovery has stalled, due at least in part to the continuing coal strike. The economic performance (coincident) indexes continue to rise slowly in Canada, Japan and the United Kingdom and rapidly in the U.S. where the slowdown in the leading index is only just beginning to affect performance. In Germany, where there have been strikes, and in France and Italy there is some evidence that the recovery may be in difficulty. The Australian picture, rapid expansion now beginning to slow down, appears to be following the U.S. pattern.

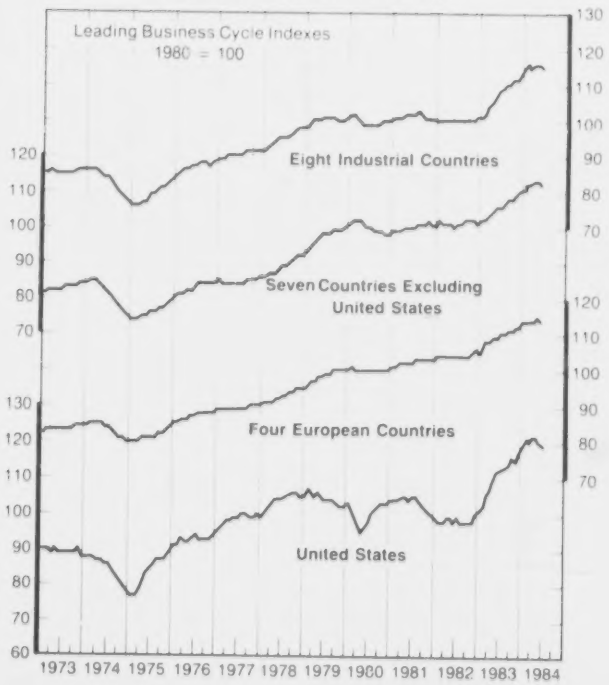
	Ten-year Growth Rate 1969-79	Indexes of Economic Performance Growth Rates* 6 mos. ago	3 mos. ago	Latest month	Leading Business Cycle Indexes Growth Rates* 6 mos. ago	3 mos. ago	Latest month	Current Reading on the Cycle	Latest Month Covered
	annual rates, percent								
United States	3	13	12	10	15	10	2	Expansion slowing	July
Canada	4	6	3	3	10	7	5	Expansion slowing	June
United Kingdom	2	3	1	1	4	4	0	Recovery stalling	June
West Germany	3	3	*	- 3	9	7	3	Recovery slowing	June
France	4	- 1	- 1	0	8	7	4	Recovery slowing	June
Italy	3	- 1	- 3	- 2	3	8	3	Leaders slowing; economy weak	Mar./Apr.
Japan	5	4	4	3	12	10	8	Expansion slowing	June
Australia	4	12	15	11	15	16	7	Expansion slowing	June
8 countries	4	5	5	5	11	9	4	Expansion slowing	June
7 countries ex. U.S.	4	2	1	1	9	8	4	Recovery slowing	June
4 European countries	3	1	0	0	7	6	2	Recovery stalling	June

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are


Indexes of Economic Perfomance
1980 = 100
Eight Industrial Countries
Seven Countries Excluding United States
Four European Countries
United States
1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984

Where We're Headed


Leading Business Cycle Indexes
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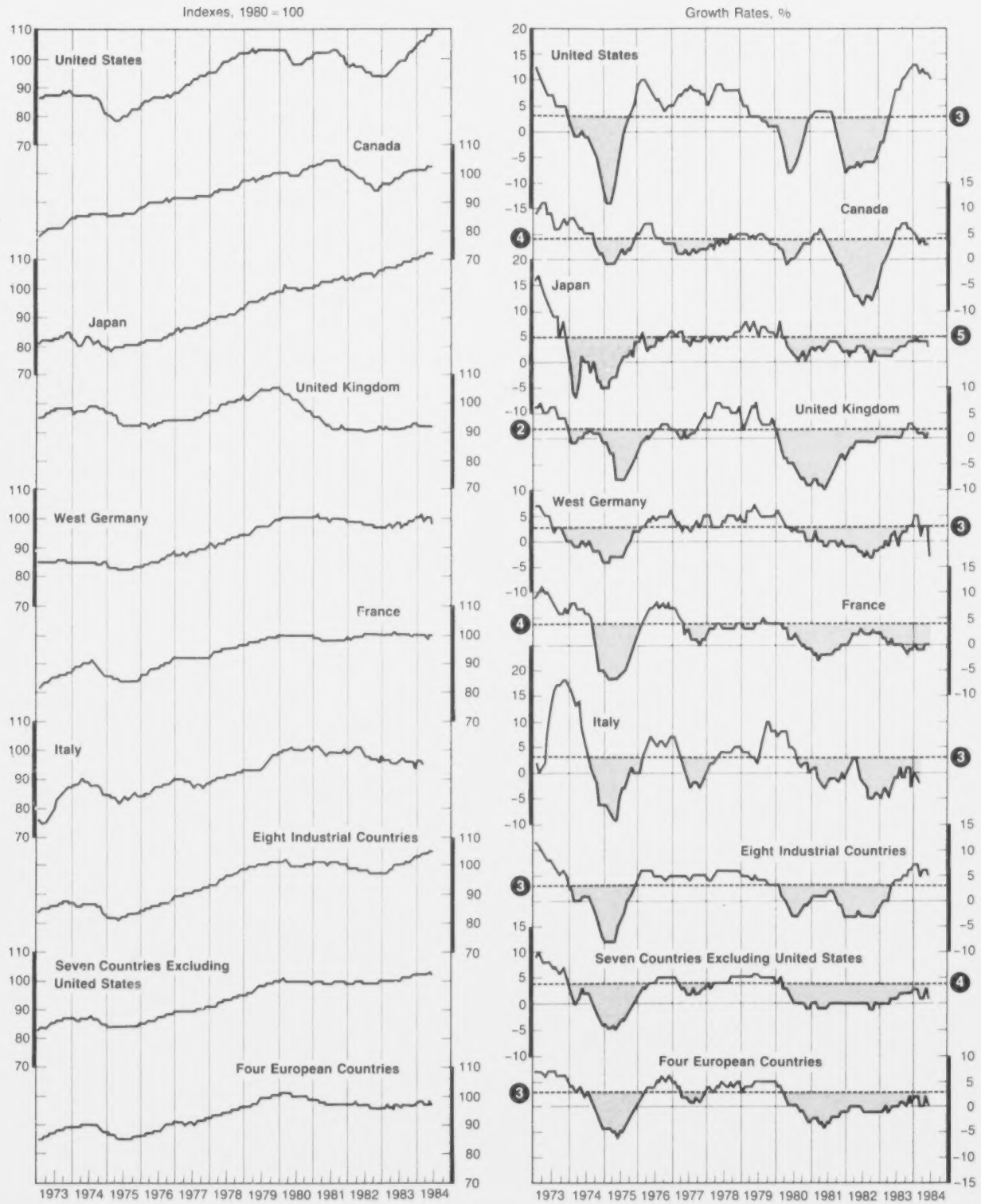
Where We Are

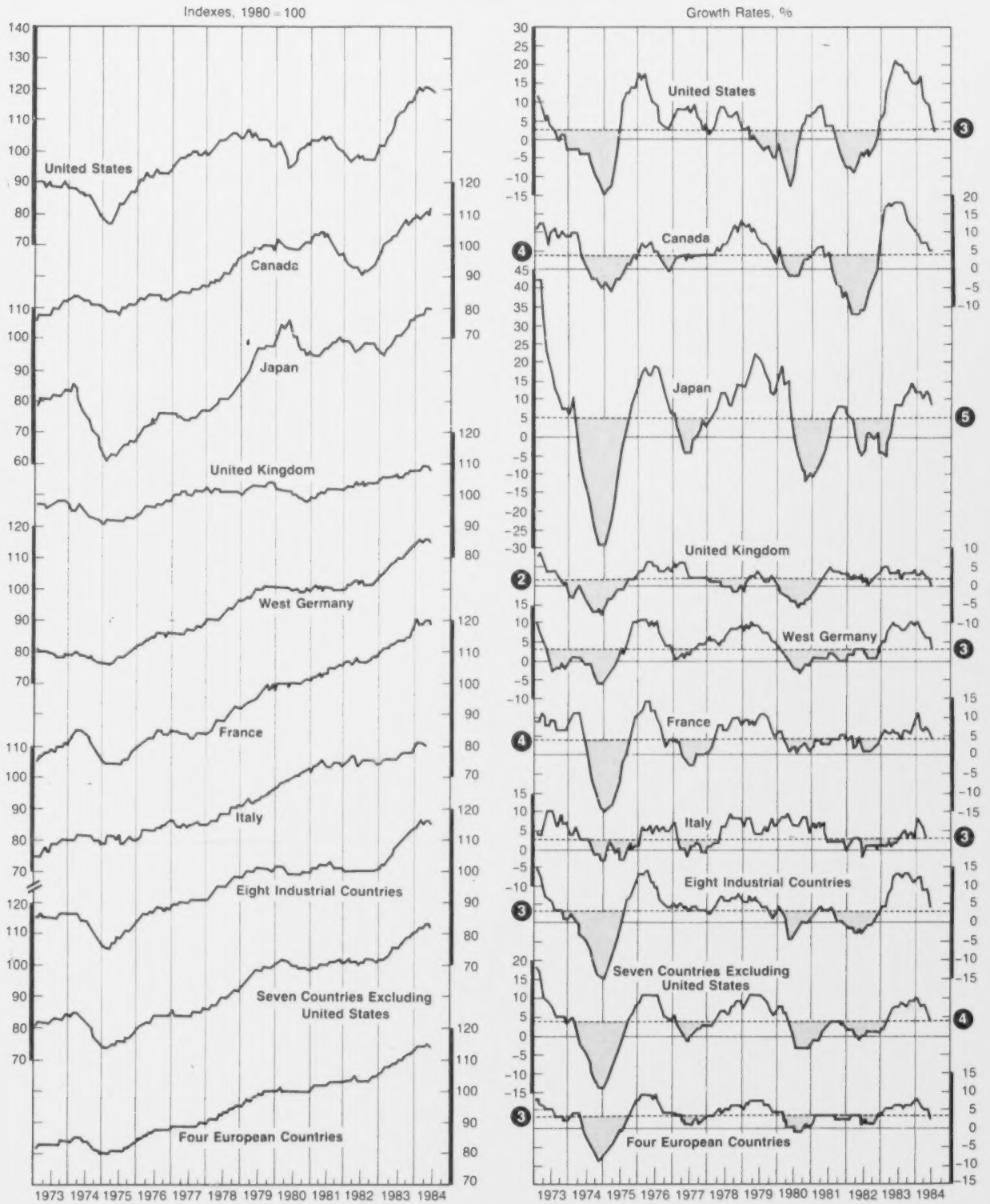
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP.
Source: The Conference Board

INDEXES, EIGHT COUNTRIES, 1982-84

		U.S.		Canada		U.K.		West Germany		France		Italy		Japan		Australia		8 Countries		7 Countries ex. U.S.		4 Countries Europe	
		Indexes, 1980 = 100																					
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf	Lead
Dec.	82	94	100	95	95	91	104	97	104	100	108	96	105	106	96	89	88	97	101	100	101	96	105
Jan.	83	94	101	96	98	91	105	97	105	100	109	96	105	106	95	89	90	98	101	100	102	96	106
Feb.	83	94	102	96	100	91	106	97	105	100	111	96	106	107	94	90	91	98	102	100	102	96	107
Mar.	83	95	105	97	101	91	106	98	107	100	111	96	106	107	96	88	93	98	104	100	103	97	108
Apr.	83	96	107	97	102	91	106	97	108	100	112	95	106	102	107	86	95	98	105	100	104	96	108
May	83	97	109	98	103	91	106	98	109	101	112	96	106	107	99	84	98	99	107	100	105	97	109
June	83	98	111	99	104	91	106	98	109	100	112	96	106	108	101	85	99	100	108	100	106	97	109
July	83	99	112	99	105	91	107	97	110	100	113	96	107	108	101	86	101	100	109	100	106	96	101
Aug.	83	99	113	100	107	91	106	98	110	100	113	97	108	109	102	86	104	100	110	101	107	97	110
Sept.	83	101	114	100	108	92	107	98	111	100	114	96	108	109	103	87	104	101	110	101	108	97	111
Oct.	83	102	116	101	107	92	107	99	112	99	115	96	108	109	104	90	102	102	112	101	108	97	111
Nov.	83	103	116	101	108	93	107	99	113	100	115	96	108	110	106	91	101	102	112	102	109	97	112
Dec.	83	104	117	101	109	93	108	100	114	100	117	94	108	110	106	93	105	103	113	102	110	97	113
Jan.	84	105	119	101	110	92	108	100	115	100	120	96	111	110	107	93	107	103	114	102	111	98	114
Feb.	84	106	121	101	109	92	108	101	116	100	119	96	111	111	108	93	111	104	116	102	112	98	114
Mar.	84	106	120	101	110	92	109	99	115	100	119	95	111	111	108	95	110	104	115	102	112	97	114
Apr.	84	108	121	102	111	92	109	100	116	99	120		110	112	110	97	109	104	116	102	113	97	114
May	84	108	121	102	110	92	109	100	116	100	120			112	110	99	110	105	116	103	113	98	115
June	84	110	120	102	112	92	108	98	115	100	119			112	110	97	109	105	115	102	112	97	114
July	84	110	119																				
		Growth Rates, Percent																					
Dec.	82	-4	5	-5	6	0	3	-2	4	2	3	-4	1	1	-4	-22	-4	-2	2	0	1	-1	3
Jan.	83	-2	6	-2	13	0	4	-1	5	2	4	-5	1	1	-4	-20	1	-1	4	0	2	-1	4
Feb.	83	-2	7	-1	16	0	5	-1	5	1	7	-4	1	1	-5	-18	3	0	4	0	2	-1	5
Mar.	83	0	13	1	17	0	5	0	7	1	6	-3	2	1	-1	-19	7	0	8	0	4	0	5
Apr.	83	2	15	2	18	0	3	-1	8	0	6	-5	1	1	1	-20	12	1	9	0	5	-1	5
May	83	5	18	4	17	0	3	1	10	1	7	-3	2	1	6	-21	18	3	12	1	7	0	6
June	83	7	21	5	18	0	3	2	9	0	6	-1	2	2	8	-16	19	4	13	1	7	0	6
July	83	8	20	6	18	0	4	-1	9	0	6	0	3	2	8	-11	21	4	13	1	8	0	6
Aug.	83	8	20	6	18	1	2	1	8	0	5	1	4	3	8	- 8	25	4	12	2	8	1	5
Sept.	83	10	18	7	17	2	3	2	8	-1	7	-1	5	3	11	- 4	20	5	13	2	9	1	6
Oct.	83	11	18	7	13	2	3	2	9	-2	7	-1	3	4	12	3	13	5	13	2	8	1	6
Nov.	83	11	16	6	12	3	3	3	10	-1	6	1	4	4	14	8	9	6	12	2	9	2	6
Dec.	83	12	15	6	10	3	4	3	9	-1	8	-3	3	4	12	12	15	6	11	2	9	1	7
Jan.	84	13	15	5	9	2	3	5	10	0	11	0	8	4	12	11	16	7	12	3	10	2	8
Feb.	84	13	17	4	7	1	3	5	9	-1	8	-1	7	5	12	11	21	7	12	3	9	2	7
Mar.	84	11	12	3	7	1	4	1	7	-1	7	-2	6	4	10	15	16	5	9	1	8	0	6
Apr.	84	12	10	4	7	1	3	3	6	-1	8		3	4	12	16	12	6	9	1	8	0	5
May	84	11	9	3	5	0	2	3	5	0	7			4	11	18	11	6	8	3	7	2	5
June	84	11	5	3	5	1	0	-3	3	0	4			3	8	11	7	5	4	1	4	0	2
July		10	2																				
		Ten Year Annual Growth Rate, Percent																					
1969-79		3	3	4	4	2	2	3	3	4	4	3	3	5	5	4	4	4	4	4	4	3	3

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations as well as the leading indexes. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typically after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across the Board,* April 1980 and *Business Cycles, Inflation and Forecasting,* Ballinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however. Constant monitoring is needed to make effective use of the system and get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationary trends.

The indexes for the eight industrial nations—Australia is added to the report with this issue (in the charts next month)—were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates, 1969-79, are equal to those in real GNP in the country concerned. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

For More Information

To find out more about this indicator system and the availability of detailed data for each country please address inquiries to:

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